

Eric Noblitt
2275 Logos Court, Suite B-1
Grand Junction, CO. 81505
(970)245-3951

March 26, 2007

Ms. Diana Mason
Division of Oil, Gas and Mining
Box 14581
Salt Lake City, Utah 84114-5801

Re: Application For Permit To Drill
Royale Energy, Inc.'s;

Trail Canyon 1-1(Directional)
SWNE Sec.1-T16S-R21E
Grand County, Utah
State Lease # ML-47218

Trail Canyon 2-1
SWNE Sec.1-T16S-R21E
Grand County, Utah
State Lease # ML-47218

Dear Diana:

Enclosed, please find in duplicate, APD's for Royale Energy's above described wells. These wells will be drilled from the same well pad. The Class III Cultural Resource Inventory report has been sent under separate cover from Grand River Institute to SITLA.

Also, both the 2-1 and 1-1 are exception location. Royale Energy, Inc. and National Fuel Corporation are the only interest owners within 460 feet of these locations. National Fuel has been notified and will forward their approval to the DOGM in the near future.

Please do not hesitate to contact me at (970) 245-3951 regarding any questions you may have regarding these applications.

Sincerely,



Eric Noblitt, Agent
Royale Energy, Inc.

c.c. Lauren Hartwell – Royale Energy, Inc.
Glenn Donaldson – Royale Energy, Inc.

RECEIVED

MAR 28 2007

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO: ML-47218	6. SURFACE: State
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER <u>directional</u> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: Royale Energy, INC		8. UNIT or CA AGREEMENT NAME: Moon Canyon	
3. ADDRESS OF OPERATOR: 7676 Hazard Center Dr CITY San Diego STATE CA ZIP 92108		9. WELL NAME and NUMBER: Trail Canyon 1-1	
PHONE NUMBER: (619) 881-2800		10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1542' FNL 2622' FEL AT PROPOSED PRODUCING ZONE: 2424' FNL 1170' FEL 625129X 4367006Y 39.447828 -109.551016 -109.545867		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 1 16S 21E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 65 Northwest of Fruita, CO		12. COUNTY: Grand	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1542 ft. Surface Location 1170 ft. BHL	16. NUMBER OF ACRES IN LEASE: 1280	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) NA	19. PROPOSED DEPTH: 11,225 11,200	20. BOND DESCRIPTION: Statewide Bond #291395	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7192 ft. GR	22. APPROXIMATE DATE WORK WILL START: 9/1/2007	23. ESTIMATED DURATION: 30 days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12-1/4"	9-5/8 K-55 36#	2,000	Class "G" 1200 sx 1.17 15.8 ppg
8-3/4"	7 N-80 23#	6,500	50/50 POZ 875 sx 1.26 14.2 ppg
6-1/4"	4-1/2 P-110 11.60#	11,200	50/50/ POZ 518 sx 1.26 14.2 ppg

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) Eric Noblitt TITLE Agent
SIGNATURE [Signature] DATE 3/26/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-019-31531

**Approved by the
Utah Division of
Oil, Gas and Mining**

APPROVAL:

Date: 05-23-07

By: [Signature]

RECEIVED

MAR 28 2007

DIV. OF OIL, GAS & MINING

T16S, R21E, S.L.B.&M.

ROYALE ENERGY, INC.

1920 Brass Cap,
1.5' High, Pile of
Stones

180°00'
(G.L.O.)

S89°59'02"W - 2643.90' (Meas.)

2640.00' (G.L.O.)

T15 1/2S

T16S

1920 Brass Cap,
1.0' High, Pile of
Stones

90°00'
(G.L.O.)

Lot 4

Lot 3

Lot 2

Lot 1

TRAIL CANYON #1-1

Elev. Ungraded Ground = 7192'

1542'
(Comp.)

2424'
(Comp.)

N67°35'59"E
2886.66'

2622'
(Comp.)

S58°45'08"E
1696.91'

Bottom
Hole

1170'
(Comp.)

1920 Brass Cap,
1.5' High, Pile of
Stones

5280.00' (G.L.O.)

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

R R
21 22
E E

1920 Brass Cap,
2.0' High, Pile of
Stones

S89°58'W - 5290.56' (G.L.O.)

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(AUTONOMOUS NAD 83)

LATITUDE = 39°26'52.13" (39.447814)

LONGITUDE = 109°33'06.53" (110.551814)

(AUTONOMOUS NAD 27)

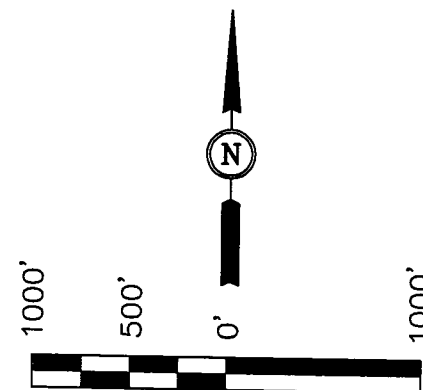
LATITUDE = 39°26'52.25" (39.447847)

LONGITUDE = 109°33'04.07" (110.551131)

Well Location, TRAIL CANYON #1-1, located as shown in the SW 1/4 NE 1/4 of Section 1, T16S, R21E, S.L.B.&M., Grand County, Utah.

BASIS OF ELEVATION

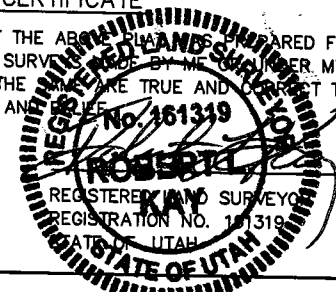
SPOT ELEVATION AT AN OIL WELL LOCATED IN THE NE 1/4 OF SECTION 15, T16S, R21E, S.L.B.&M. TAKEN FROM THE TENMILE CANYON NORTH QUADRANGLE, UTAH, GRAND COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7620 FEET.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLATS WERE PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 11-07-06	DATE DRAWN: 11-30-06
PARTY D.R. Q.B. C.H.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE ROYAL ENERGY, INC.	

MOON CANYON #1-1
Application For Permit To Drill (Attachment)
State of Utah, Division of Oil, Gas and Mining Form 3

**Request for Exception to Location and Siting of Wells: R649-3-3, Moon Canyon #1-1,
Surface Location: SWNE (2622' FEL & 1542' FNL) Sec. 1 – T16S-R21E, Grand County, Utah
BHL Location: SENE (1170' FEL, & 2424' FNL) Sec. 1 – T16S-R21E, Grand County, Utah**

As part of the Application for Permit To Drill for the Moon Canyon #1-1, Royale Energy, Inc., as Operator of SITLA Lease ML-47218, request an exception to the general state siting rule for the Moon Canyon #1-1 well. The subject well is a proposed 11,200' gas well on State Lease ML-47218, located within the Moon Canyon Federal Unit Area. Geologic and topographic constraints on the physical well location force Royale to request this exception pursuant to Rule 649-3-3.

The proposed well bottomhole location is 1170 feet and a surface location of 1542 feet from the nearest lease line and Unit boundary. Royale Energy, Inc. owns 75% working interest and National Fuels Corp. a 25% working interest in ML-47218 lease. SITLA owns the surface and minerals on the above described leases. There are no other owners within 460 feet of the entire directional wellbore.

Attached and made part of the subject APD are:

Survey Plat of the proposed location

Topographic maps showing location, section and unit boundaries.

ROYALE ENERGY, INC.

Lease # ML-47218

Moon Canyon Unit

Trail Canyon 1-1

Multi-Pad Directional Well

SW/4NE/4; Section 1, Township 16 South, Range 21 East, SLM
Grand County, Utah

Surface Use & Operations Plan

Ownership

Surface & Minerals:

State of Utah
School Trust Lands
675 E. 500 S.
Salt Lake City, UT 84102
(801) 538-5100

1. EXISTING ROADS – Refer to Exhibit Topo Maps “A” and “B”.
 - A. The wellsite has been surveyed to memorialize the proposed well pad (see Location Layout Plat)
 - B. To reach the proposed location from the UT/CO state line proceed East on Interstate 70 approximately 4.6 miles to the Westwater exit; proceed north .3 mile, turn right and go East 2.2 miles to Hay Canyon & East Canyon road (At National Fuel sign) turn left, proceed Northwest 12.6 miles to Hay Canyon road, turn left and travel up Hay Canyon 13.8 miles to Divide road. Turn left. Heading west, travel 9.3 miles to Moon Ridge sign. Turn right. Proceed 5.6 miles to proposed new access road. Turn right. Travel North 4.7 miles on proposed access road. Turn right, travel 0.3 miles to Trail Canyon #1-1 location.
 - C. Access roads refer to Exhibit Topo Maps “A” and “B”.
 - D. Access roads within a one (1) mile radius, none – refer to Exhibit Topo Maps “A” and “B”.
 - E. The existing roads will be maintained in the same or better condition as existed prior to the commencement of operation and said maintenance will continue until final abandonment and reclamation of said well location.
2. PROPOSED ACCESS ROAD – Refer to Map Exhibits “A” & “B”

Access to the location will be on Grand County maintained roads until you turn North (right) off the County road in the SW ¼, Section 26-T 16S-21E. The proposed new access road will be 5 miles in length crossing BLM and State lands to Trail Canyon #1-1 location.

- A. Width – This new access road will be built with a twenty (20) foot running surface.
- B. Construction Standard – Any road improvements will be conducted in accordance and with consultation with the appropriate governing authority.
- C. Maximum grade – The maximum grade is under 8%.
- D. Turnouts – No turnouts exist on the existing road any new turnouts will be consultation of the appropriate governing authority.
- E. Drainage design – The existing road shall be maintained to provide proper drainage along the road.
- F. Culverts and low water crossings – Culverts(if needed) sizes will be determined by anticipated runoff.
- G. Surface material – It is anticipated that no additional surface material will be required for drilling and production operations. Should spot graveling be required during drilling operations, gravel would be obtained from the nearest commercial site.
- H. Gates, cattleguards or fence cuts: No Fence cuts or cattleguards will be required along the proposed existing/new route. All gates will be maintained during operations.
- I. Road maintenance – During both the drilling and production phase of operations, the road surface will be kept in a safe and useable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing, and will also be maintained in accordance with the original construction standards. The access road will be kept free and clear of trash during all operations.

3. LOCATION OF EXISTING WELL WITHIN A ONE-MILE RADIUS

- | | | |
|----|-----------------------------|------|
| A. | Water wells | none |
| B. | Abandoned wells | none |
| C. | Temporarily abandoned wells | none |
| D. | Disposal wells | none |
| E. | Proposed wells | none |
| F. | Shut-in wells | none |
| G. | Producing | none |

4. LOCATION OF PROPOSED FACILITIES

- A. All production facilities will be located on the disturbed portion of the well pad and at a minimum from of twenty-five (25) feet from the toe of the back slope or top of the fill slope.
- B. Production facilities will be located on the drillsite location. A diagram showing the proposed production facility layout will be submitted to the Division via Sundry Notice (Form # 9) will be submitted upon completion and installation of facilities.
- C. An existing pipeline for gas gathering is in place in SW $\frac{1}{4}$ of Sec. 26-T16S-R21E. If the subject well is commercial a 3" welded surface line will be laid adjacent to the new access road from the Drillsite to SW $\frac{1}{4}$ of section 26 (tie-in point)
- D. All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, non-reflective color to match the standard environmental colors. All facilities will be painted within six months of installation. Facilities required by OSHA may be excluded. Colors will be Juniper Black, unless otherwise advised by the governing authority.
- E. If a gas meter run is constructed, it will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream until it leaves the pad. The meter run will be housed. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of the Division and the American Gas Association (AGA) Report No. 3.
- F. If a tank battery is constructed on the lease, it will be surrounded by a berm of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurements shall conform to provisions of the Division.
- G. Production facilities on location may include a lined or unlined water pit as specified in Division rule R649-3-16. Any pit will be fenced with barbwire held in place by metal side post and wooden corner "H" braces in order to protect livestock and wildlife.
- H. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road, drill pad and any additional area specified in the approved Application for Permit to Drill (APD).
- I. Reclamation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding as provided for in Division rule R649-3-34.

5. LOCATION AND TYPE OF WATER SUPPLY

- A. Water supply for the subject well shall come from a private source in Sec. 6, T16S-R23, owned by Bert Delambert. Water Change Application t31712 authorizes such use.
- B. No water well will be drilled.

6. SOURCE OF CONSTRUCTION MATERIALS

- A. It is not anticipated that any construction materials (gravel) will be required during construction or operations. If required, a private contractor (or surface owner) having a previously approved source within the general area will be used.
- B. No construction material will be taken from State lands.

7. METHODS OF HANDLING WASTE MATERIALS

- A. Cuttings - The drill cuttings will be deposited in the reserve pit.
- B. Drilling fluids – All fluids including chemicals will be contained in the reserve pit. The reserve pit will be designed to prevent the collection of surface runoff and will be constructed with a minimum of one-half (1/2) total depth below the original ground level and at the lowest point within the pit. Pursuant to Division rule R649-3-16 & 34, prior to back-filling the reserve pit liquids will be disposed in an approved facility and the contents will be allowed to dry. The disturbed portion of the pad will be reclaimed. A 12-mil synthetic pit liner is proposed.
- C. Produced fluids – Liquid hydrocarbons that may be produced during completion operations will be placed in test tanks on the location. Produced water will be placed in the reserve pit for a period not to exceed ninety days after initial production.

Any spills of oil, gas, salt water or any other potentially hazardous substances will be cleaned up and immediately removed to an approved disposal site in accordance with Division rule R649-3-32.

- D. Sewage – Portable, self-contained chemical toilets will be provided for human waste disposal. Upon completion of operations, or as required, these toilets will be removed and the contents thereof disposed of in an approved sewage disposal facility.
- E. Garbage and other waste material – All garbage and non-flammable waste materials will be contained in a dumpster or trash cage. Upon completion of operations, or as needed, the accumulated trash will be hauled off-site to an approved sanitary landfill. No trash will be placed in the reserve pit during any operations pertaining to this well.

- F. Immediately after removal of the drilling rig, all debris and other waste materials not contained in the trash cage will be cleaned up and removed from the well location. No potentially adverse materials or substances will be left on location.
- G. Any open pits will be fenced during the drilling operation and said fencing will be maintained until such time as the pits have been back-filled.

8. ANCILLARY FACILITIES

None anticipated.

9. WELLSITE LAYOUT

- A. Attached hereto is a diagram showing the proposed location layout. No permanent living facilities are planned. There will be approximately four (4) trailers on location during drilling operations: one each for the wellsite supervisor, geologist/mudloggers, drilling fluids engineer and toolpusher.
- B. Topsoil will be stock piled on the West and North of the drillpad. Brush and trees will also be stock piled on the East side of pad and will be used in the site reclamation process. Erosion ditches will be created along the side of the drill pad to control runoff from the drill pad. (see location layout plat)
- C. A diagram showing the proposed production facility layout will be submitted to the Division via *Sundry Notice* (form # 9) for approval (see # 4B).
- D. Prior to commencement of drilling operations, the reserve pit will be fenced on three (3) sides with four strand barbed wire held in place by metal side post and wooden corner "H" braces in order to protect livestock and wildlife.
 - 1. Corner post shall be braced in such a manner to keep the fence tight at all times.
 - 2. Standard steel, wood or pipe post shall be used between the corner braces. The maximum distance between any two (2) posts shall be no greater than sixteen (16) feet.
 - 3. All wire shall be stretched, by using a stretching devise, before it is attached to the corner posts.
 - 4. The fourth (4th) side of the reserve pit will be fenced immediately upon removal of the drilling rig and the fencing will be maintained until the pit is back-filled.
- E. Any Hydrocarbons on the pit will be removed immediately.
- F. Flare pit will be a minimum of 100 feet from the wellhead and 30 feet from the reserve pit when applicable. The flare pit will be on laydown side of pad.

10. PLANS FOR RECLAMATION OF THE SURFACE

Producing

- A. Any rat and mouse holes will be back-filled and compacted from to top immediately upon release of the completion rig from the location. The location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.
- B. Any oil located on the pits will be removed immediately in accordance with Division rule R649-3-16 & 34.
- C. Back-filling, leveling and re-contouring are planned as soon as possible after cessation of drilling and completion operations. Waste and spoil materials will be disposed of immediately upon cessation of drilling and completion activities.

Fluids from the reserve pit shall be removed. The liner shall be torn and perforated before back-filling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours. The reserve pit will be reclaimed within six (6) months from the date of well completion. Before any dirt work takes place, the reserve pit will be completely dry and all cans, barrels, pipe, etc., shall be removed.

Surface owner will be contacted for required seed mixture pursuant to Division rule R649-3-34.

Dry Hole/Abandoned Location

1. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and the DOGM/SITLA will attach the appropriate surface rehabilitation conditions of approval.

11. OTHER INFORMATION

- A. Proximity of Water, Occupied Dwellings, Archaeologist, Historical or Cultural Sites:
 1. There are no known, occupied dwellings within one (1) mile of the location.
 2. There are no known water wells within one (1) mile of location.
 3. Royale Energy, Inc. will be responsible for informing all persons in the area who are associated with the project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites or for

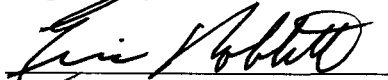
collecting artifacts. If historic or archaeological materials are uncovered, Royale will suspend all operations that might further disturb such materials and immediately contact the State Historical Preservation Office "SHIPO".

4. A Class III cultural resource inventory of the proposed Trail Canyon #1-1 location and its related 5 mile-long access road has been completed. The report will be filed with SHIPO and SITLA-State Office.

- B. The operator will, control noxious weeds along right-of-way for roads, pipelines, wellsites or other applicable facilities.

Prepared by:

Date: March 23, 2007



Eric Noblitt, Agent
2275 Logos CT. #B-1
Grand Junction, CO. 81505
Phone: (970) 245-3951
Fax: (970)245-3951
enoblitt@bresnan.net

LESSEE'S OR OPERATORS REPRESENTATIVE & CERTIFICATION

1. LESSEE'S OR OPERATORS REPRESENTATIVE

Glenn Donaldson
Chief Engineer
Royale Energy, Inc.
7676 Hazard Center Drive, Suite 1500
San Diego CA 92108
Phone: (619) 881-2870
Fax (619) 881-2876
drilling@royl.com

Eric Noblitt, Agent
Energy Operating Company
2275 Logos CT. #B-1
Grand Junction, CO. 81505
Phone: (970) 245-3951
Fax: (970) 245-3951
enoblitt@bresnan.net

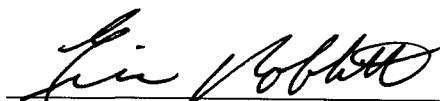
2. CERTIFICATION

I hereby certify that I or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements in the Plan are, to the best of my knowledge, true and correct; that the work associated with the operations proposed herein will be performed by Royale Energy, Inc. and it's contractors and subcontractors in conformity with this Plan and the terms and conditions under which it is approved.

Please be advised that Royale Energy Inc. is considered to be the operator of the Trail Canyon 1-1 located in the SWNE Sec.1-TWP.16S-RNG 21E, Grand County, Utah. State Lease ML-47218. Royale Energy Inc. will be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by:

American Contractors Indemnity Company
9841 Airport BLVD. 9th Floor
Los Angeles, CA. 90045

Type of Bond: Statewide Oil and Gas
Bond Amount: \$120,000.00
Bond Number.: 291395


Eric Noblitt, Agent

3-26-2007
Date

ROYALE ENERGY, INC.

Lease # ML-47218

Moon Canyon Unit

Trail Canyon 1-1

Multi-Pad Directional Well

SW/4NE/4; Section 1, Township 16 South, Range 21 East, SLM
Grand County, Utah

DRILLING PLAN

General

NOTE: This well is to be drilled as a tight hole. Unauthorized personnel are not to be allowed on rig floor. All information is to be kept confidential.

Surface Location: 1542' FNL' and 2622' FEL
SWNE; Sec.1-T16S-R21E, SLM
Grand County, Utah

Bottomhole Location: 2424' FNL' and 1170' FEL
SENE; Sec.1-T16S-R21E, SLM
Grand County, Utah

Proposed Total Depth: 11,000' TVD 11,200' MD

Elevation: 7192' Ground Level (Ungraded)

Drilling Contractor: Yet to be determined

Drilling Procedure

Location

- 1) Build location, dig and line reserve pit as per pad layout specifications. Pit will be lined with a 12mil liner.

Surface Hole

- 1) Move in and rig up air drilling rig.
- 2) Drill a 12-1/4" surface hole to 2000' with air. Notify State of Utah DOGM as to cementing of surface casing.
- 3) Circulate and condition as required. Trip out of hole.
- 4) Run and cement 2000' of 9-5/8", 36#, K-55, ST&C, 8rd casing and as per cement recommendation. If cement returns to surface are not obtained, run 1" pipe in casing/hole annulus and top out w/ neat cement. Wait 8 hrs on cement.
- 5) Weld on 11" X 5,000 PSI flanged casing head.
- 6) Rig down and move off surface hole drilling rig.

Intermediate Hole

- 1) MIRU rotary rig. Notify State of Utah DOGM as to BOP/CSG pressure test. Nipple up and pressure test BOPE and 9-5/8" casing to 70% internal yield of 9-5/8" csg.
- 2) Mud up. Trip in hole w/ 8-3/4" bit. Drill out float collar and guide shoe
- 3) Drill 8-3/4" intermediate hole from base of surface casing to 3,000' (KOP)
- 4) PU directional equipment @ 3000' (KOP) AS per directional plan, drill to 6,500' (or 200' +/- into Mancos)
- 5) Condition hole as per mud program. Run openhole logs as per logging program.
- 6) Trip in hole w/ bit and drill string. Condition hole for running pipe.
- 7) Run and cement 7" 23# N-80 production casing according to cement recommendation.
- 8) Pressure test 7" casing string to 1,500 psi for thirty (30) minutes.
- 9) Drill out 7" intermediate casing with 6-1/4" bit.
- 10) Well will be directionally drilled to a depth of 11,200' (See attached directional plan)
- 10) At T.D., condition hole for running openhole logs as per mud program.
- 11) Run openhole logs as per logging program.

Decision Point: Producidle/Dryhole

Producidle

- 1) Trip in hole w/ bit and drill string. Condition hole for running pipe. Trip out of hole laying down drill- pipe and collars. Notify DOGM as to running and cementing of longstring.
- 2) Run and cement 4-1/2" production casing according to cement recommendation.

Dryhole

- 1) Notify State of Utah DOGM and receive plugging orders. Trip in hole open ended and plug well as per DOGM orders.
- 2) Release drilling rig. Reclaim location.

Estimated Tops of Geological Markers

(From Ungraded GL)

Formation	Tops (TVD)	(MD)
Green River	Surface	
Main Mancos	6,400	6,507'
Dakota Silt	9,900	10,125'
Entrada	10,800	11,025'
TD	11,000	11,225'

Estimated Depths of Anticipated Water, Oil , Gas or Mineral Formations
(From Ungraded GL)

<i>Formation Content</i>	<i>Top (TVD)</i>	<i>Possible Formation</i>
Dakota Sandstone	10,000'	gas
Cedar Mountain	10,100'	gas
Morrison	10,200'	gas or water
Entrada	10,800'	gas or water

Pressure Control Equipment

- 1) Type: 11" X 5,000 psi WP, double-gate BOP and 11" X 5,000 psi WP annular BOP with hydraulic closing unit. *See schematic #1*

The blowout preventer will be equipped as follows:

- 1) One set of blind rams
- 2) One set of pipe rams
- 3) Drilling spool with two side outlet (choke side: 3" minimum and kill side 2" minimum)
- 4) Kill line: Two-inch minimum
- 5) Two kill line valves, one of which will be a check valve (2" minimum)
- 6) Choke line: Three-inch minimum.
- 7) Two choke line valves: Three-inch minimum.
- 8) One manually operated choke: Three-inch minimum.
- 9) Pressure gauge on choke manifold.
- 10) Upper kelly cock with handle readily available.
- 11) Full opening internal blowout preventer or drill pipe safety valve able to fit all connections.
- 12) Fill-up line to be located above uppermost preventer.

- 2) PRESSURE RATING: 5,000 PSI

- 3) TESTING PROCEDURE

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the approved BOP stack. (if isolated from the surface casing by means of a test plug) or 70% of the internal yield strength of the surface casing (if not isolated from the surface casing by means of a test plug). Pressure will be maintained for a period of at least ten minutes or until requirements of the test are met, whichever is longer.

At a minimum, this pressure test will be performed:

- 1) When the BOP is initially installed
- 2) Whenever any seal subject to test is broken.
- 3) Following related repairs.
- 4) At thirty day intervals.

In addition to the above, the pipe rams will be activated daily, and the blind rams will be activated on each trip (but not more frequently than once each day). All BOP tests and drills will be recorded in the IADC Driller's Log (tour sheet)

5) CHOKE MANIFOLD EQUIPMENT:

All choke lines will be straight lines, unless turns use tee-blocks, or are targeted with running tees.

These lines will be anchored to prevent whip and vibration. *See schematic #1*

6) ACCUMULATOR:

The accumulator will have sufficient capacity to close all rams (plus the annular preventer, if applicable) and maintain a minimum of 200 psi above the precharge pressure without the use of the closing-unit pumps. The fluid reservoir capacity will be double the accumulator capacity and the fluid level will be maintain at the manufacturer's recommendation. The BOP system will have two independent power sources to close preventers. Nitrogen bottles (three minimum) will be considered one of these sources and will maintain a charge equal to the manufacturer's specifications.

The accumulator precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six months thereafter. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum limits of manufacturer's specifications.

7) MISCELLANEAUS INFORMATION:

The blowout preventer and related pressure-control equipment will be installed, tested, and maintained in compliance with the specifications in and requirements of DOGM's Drilling and Operating Practices #R649-3-7. The choke manifold and BOP extension rods will be located outside the rig sub-structure.

The hydraulic BOP closing unit will be located at least twenty-five feet from the wellhead, but will be readily accessible to the driller. Exact location and configuration of the hydraulic BOP closing unit will depend upon the particular drilling rig contracted to drill this hole.

Casing and Cementing Programs

PROPOSED CASING DESIGN

<i>Size</i>	<i>Interval</i>	<i>Length</i>	<i>Description</i>
9-5/8"	0' – 2,000'	2,000'	36#, K-55, STC
7"	0' – 6,500'	6,500'	23#, N-80, LTC
4-1/2"	0' - 11,200'	11,200'	11.60# P-110, LTC

11225%
Dir. Survey

A regular guide shoe and insert float will be run on the bottom and top of the first joint on casing. The guide shoe and float collar will be made up with A.P.I. thread locking compound. On 4-1/2" casing, a stop ring and centralizer will be run in the middle of the shoe joint. Centralizers will be ran 1 joint above float and across all potential pay zones.

NOTE: Casing strings will be pressure tested to 0.22 psi/ft of casing string depth, or 1,500 psi, whichever is greater (not to exceed 70 % of the internal yield strength of the casing) after cementing and prior to drilling out from under the casing shoe.

PROPOSED CEMENTING PROGRAM

Casing / Hole Size	Cement Slurry	SX	PPG	Yield
9-5/8" / 12-1/4"	Tail: Class "G" w/ 2% CaCl ₂ & 0.25 PPS Flocele (100% excess)	1200	15.8	1.17

Casing Equipment: 1 – Regular Guide Shoe
1 – Insert float collar

NOTE: Precede cement w/ 50 bbls of fresh water. Have 100 sx "neat" cement on location and 1" line pipe to pump a cement top job if cement is not circulated to surface and/or cement falls back. All waiting-on –cement times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

Casing / Hole Size	Cement Slurry	SX	PPG	Yield
7" / 8-3/4"	50/50 Pozmix w/.25 PPS Flocele (30% excess)	875	14.2	1.26

This section of hole may be two staged cemented if loss circulation is encountered.

<u>Casing / Hole Size</u>	<u>Cement Slurry</u>	<u>SX</u>	<u>PPG</u>	<u>Yield</u>
4-1/2" / 6-1/4"	50/50 poz cement w/ 0.25 PPS Flocele (30% excess)	518	14.2	1.26
		TOC @ 6,500'		

NOTE: Actual cement volumes will be calculated from caliper log.

Casing Equipment: 1 – Regular guide shoe
1 – Differential-fill float collar
10 – Centralizers (Casing will be centralized on shoe jt and across all potential pay zones)

NOTE: Precede cement with 50 bbls of fresh water. Run compatibility test on proposed cement with actual make-up water. Cement design and volumes may be altered depending on results of caliper log and presence of lost circulation zones.

Drilling Fluids Program

SURFACE HOLE: 0' – 2000' HOLE SIZE: 12-1/4" 9/5/8" CASING

Surface pipe will be pre-set with air rig.

INTERMEDIATE HOLE: 2000' – 6,500' HOLE SIZE: 8-3/4" 7" CASING

Drill out surface casing cement with water discarding contaminated fluid into reserve pit. Mud up with low-solids, 6 PPB DAPP mud system. Keep trip speeds down to reduce surge/swab pressure. Keep hole full at all times. Monitor pit levels to detect loss circulation and gas kicks. Sweep hole as dictated by hole conditions and prior to running production casing. Keep drill string moving at all times.

Recommend Fluid Properties: Weight 8.8 – 9.2PPG
Viscosity 36-40 SEC / QT
Water Loss 6-8 CCS

PRODUCTION HOLE: 6,500' – 11,200' HOLE SIZE: 6-1/4" 4-1/2" CASING

Drill out intermediate casing cement with water discarding contaminated fluid into reserve pit. Mud up with low-solids, non-dispersed 6 PPB DAPP mud system. Keep trip speeds down to reduce surge/swab pressure. Keep hole full at all times. Monitor pit levels to detect loss circulation and gas kicks. Sweep hole as dictated by hole conditions and prior to running production casing. Keep drill string moving at all times. Have 100-200 PPM nitrates in mud system prior to drilling any potential pay zones that may be DST'd.

Recommended Fluid Properties: Weight 8.8 – 9.2 PPG
Viscosity 32-36 SEC / QT
Water Loss 6 – 8 CCS

Evaluation Program

MUDLOGGING: Drilling samples will be caught every 20' from 2000' to 10,000'. Mudloggers will be on location and rigged up before drilling out surface casing. 10' samples will be caught from 10,000' to T.D. or as directed by wellsite geologist.

OPENHOLE LOGGING: 6500 –2000' – CNL/FDC w/ XY caliper and DLL
11,200 –6500' – CNL/LDT w/ XY caliper and DLL

DRILLSTEM TESTING: None anticipated.

CORING: None anticipated.

STIMULATION: All prospective zones will be perforated, flow tested and evaluated to determine if acidizing and/or fracturing is required. The drill site will be of sufficient size to accommodate all completion operations.

The proposed Evaluation Program may change at the discretion of the well site drilling supervisor and geologist with the approval of the DOGM.

One copy of all logs, core descriptions, core analyses, DST test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during drilling, workover, and/or completion operations will be filed on form #8. Samples (cuttings, fluids, and/or gases) will be submitted when requested by DOGM.

Anticipated Bottomhole Pressure

A bottomhole pressure of 3850 psi (.35 gradient) is anticipated at total depth (11,000')

ABNORMAL CONDITIONS:

No abnormal temperature or pressures are anticipated in the drilling of the Trail Canyon #1-1.

Anticipated Starting Date and Miscellaneous

1) ANTICIPATED STARTING DATE:	Location Construction	August 15, 2007
	Spud Date	September 1, 2007
	Drilling Days	30 days
	Completion Days	14 days

2) MISCELLANEOUS

There will be no deviation from the proposed drilling and/or workover program as approved. Safe drilling and operating practices will be observed.

All wells, whether drilling, producing, suspended or abandoned will be identified in accordance with R649-3-5. There will be a sign or marker with the name of the operator, lease serial number, well name and number and survey description of the well.

Any changes in operation must have prior approval from the DOGM. Pressure test will be performed before drilling out from under of all casing strings set and cemented in place. Blowout preventers controls will remain in use until the well is either completed or abandoned. Preventers will be inspected and operated at least daily to insure good mechanical working order, and inspection will be recorded on the daily drilling report. All BOP test will be recorded on the daily drilling report.

The spud date will be orally reported to the DOGM twenty-four (24) hours after spudding. If spudding occurs on a weekend or holiday, this report will be called in on the next regular work day following spudding of the well.

In accordance with R649-3-6, this well will be reported on form #6, *Entity Action Form*, starting within five working days of spudding the well.

All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in R649-3-32 will be reported to the DOGM Office. Major events will be reported verbally within twenty-four (24) hours and will be followed with a written report within five (5) days.

No well abandonment operations will be commenced without the prior approval of the DOGM. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Division. A *Notice of Intention to Abandon* (Form #9) will be filed with the Division within five (5) days following the granting of oral approval to plug and abandon.

Upon completion of approved plugging, a regulation marker will be erected in accordance with R649-3-25(7). The following information will be permanently placed on the marker with a plate, cap, or beaded-on with a welder: Company Name and Number, Location by Quarter/Quarter, Section, Township, Range and State Lease Number.

A *Subsequent Report of Abandonment* (Form #9) will be submitted within thirty (30) days following the actual plugging of the well bore. This report will indicate cement type and volumes, where plugs were placed, casing left in hole, statement of mud volumes used and the current status of surface restoration operations.

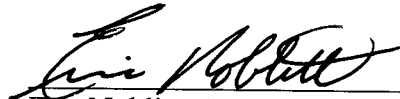
Pursuant to *R649-3-19*, operator will conduct a stabilized production test of at least 24 hours no later than fifteen (15) days following the completion of well. Lessees and operators are authorized to vent/flare gas during first calendar month after initial well evaluation tests and/or the production of three (3) MMCF of gas, whichever occurs first. An application must be filed with the DOGM, and approval received, for any venting /flaring of gas beyond the initial thirty (30) day or otherwise authorized test period.

Pursuant to *R649-2-1*, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in such a manner as to conserve the natural resources of oil and gas in the state, to protect human health and the environment, to prevent waste, to protect the correlative rights of all owners and to realize the greatest ultimate recovery of oil and gas.

Date:

March 23, 2007

Prepared by:

A handwritten signature in black ink, appearing to read "Eric Noblitt", written over a horizontal line.

Eric Noblitt, Agent
Royale Energy, Inc.

(WARNING: Water Rights makes NO claims as to the accuracy of this data.) RUN DATE: 03/23/2007 Page 1

AMENDATORY? No

CHANGES: Point of Diversion [], Place of Use [X], Nature of Use [X], Reservoir Storage [].

FILED: 07/11/2006|PRIORITY: 07/11/2006|ADV BEGAN: |ADV ENDED: |NEWSPAPER: No Adv Required
ProtestEnd: |PROTESTED: [No]|HEARING HLD: |SE ACTION: [Approved]|ActionDate:07/17/2006|PROOF DUE:
EXTENSION: |ELEC/PROOF:[]|ELEC/PROOF: |CERT/WUC: |LAP, ETC: 08/01/2007|PROV LETTER:
RENOVATE: |RECON REQ: |TYPE: []

*****HERETOFORE*****

*****HEREAFTER*****

FLOW: 0.9034 cfs	FLOW: 20.0 acre-feet
SOURCE: A Spring Branch in Main Canyon	SOURCE: Unnamed Spring
COUNTY: Uintah	COUNTY: Uintah COM DESC: Main Canyon-Book Cliffs
	Water will be pumped into trucks and hailed to place of use.

POINT(S) OF DIVERSION ----->	
Point Surface:	SAME AS HERETOFORE
(1) N 2870 ft E 16 ft from SW cor, Sec 32, T 15S, R 23E, SLBM	
Dvrting Wks: Earth & Brush Dam	
Source:	

PLACE OF USE ----->		CHANGED as follows:	
--NW4--	--NE4--	--SW4--	--SE4--
IN N S S I	IN N S S I	IN N S S I	IN N S S I
W E W E I	W E W E I	W E W E I	W E W E I
* : : : ** : : : ** : : : :X** : : : *			
* :X: :X** : :X: ** : : : ** : : : *	ALL T 15S R 23E SLBM		
	ALL T 15S R 24E SLBM		
	ALL T 16S R 23E SLBM		
	ALL T 16S R 24E SLBM		

NATURE OF USE ----->	CHANGED as follows:
SUPPLEMENTAL to Other Water Rights: No	SUPPLEMENTAL to Other Water Rights: No
IRR: 64.0400 acs Sol/Sup: acs USED 03/01 - 10/31	
	OTH: OIL EXPLORATION: drilling and completion of oil/gas wells in South Book Cliffs-8/1/06-7/31

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4A

Bond No. 291395
Premium: \$6,000.00

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) ROYALE ENERGY INC as Principal,
and

(surety name) AMERICAN CONTRACTORS INDEMNITY COMPANY as Surety, duly authorized
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

ONE HUNDRED TWENTY THOUSAND AND NO/100THS dollars (\$ \$120,000.00)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

☒ Blanket Bond: To cover all wells drilled in the State of Utah

☐ Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized
officers and its corporate or notary seal to be affixed this

14th day of June, 2006

(Corporate or Notary Seal here)

Attestee: _____ Date: _____

ROYALE ENERGY INC

Principal (company name)

By

Donald H. Hosmer, President
Name (print) Title

Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal
to be affixed this

8TH day of JUNE, 2006

(Corporate or Notary Seal here)

Attestee: _____ Date: _____

AMERICAN CONTRACTORS INDEMNITY COMPANY

Surety Company (Attach Power of Attorney)

By

CARLA M. ALLEN ATTORNEY-IN-FACT
Name (print) Title

Signature

1081 Camino Del Rio South, Suite 107

Surety Mailing Address

San Diego

CA

92108

City

State

Zip



Weatherford®

Drilling Services

Proposal

ROYALE ENERGY, INC.

TRAIL CANYON # 1-1

GRAND COUNTY, UTAH

WELL FILE:**PLAN 2**

MARCH 22, 2007

Weatherford International, Ltd.

2690 Oil Drive

Casper Wyoming 82604 USA

+1.281.265.1413 Main

+1.307.235.3958 Fax

www.weatherford.com

ROYALE ENERGY, INC



Azimuths to True North
Magnetic North: 11.57°

Magnetic Field
Strength: 52484nT
Dip Angle: 65.53°
Date: 3/22/2007
Model: bggm2006

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	121.28	0.00	0.00	0.00	0.00	0.00	0.00	
2	3000.00	0.00	121.28	3000.00	0.00	0.00	0.00	0.00	0.00	
3	4059.50	15.89	121.28	4045.97	-75.80	124.78	1.50	121.28	146.00	
4	9330.53	15.89	121.28	9115.52	-825.15	1358.41	0.00	0.00	1589.39	
5	10125.16	0.00	121.28	9900.00	-882.00	1452.00	2.00	180.00	1698.89	PBHL
6	11225.16	0.00	121.28	11000.00	-882.00	1452.00	0.00	121.28	1698.89	

FIELD DETAILS

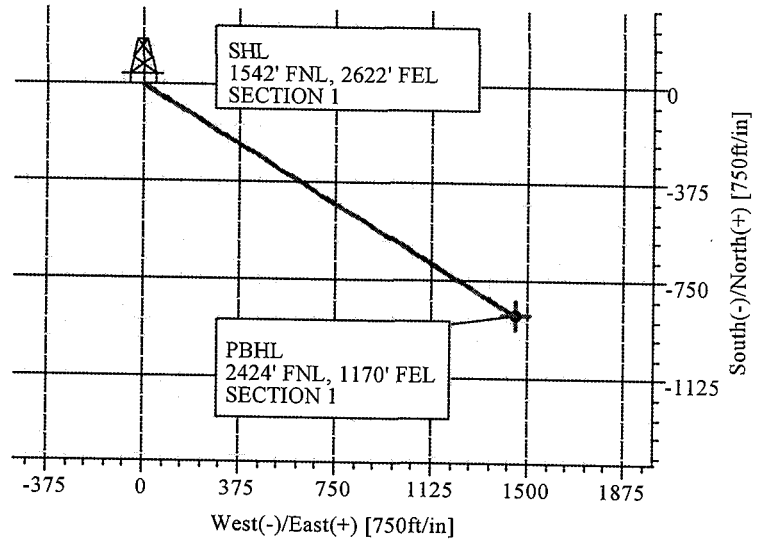
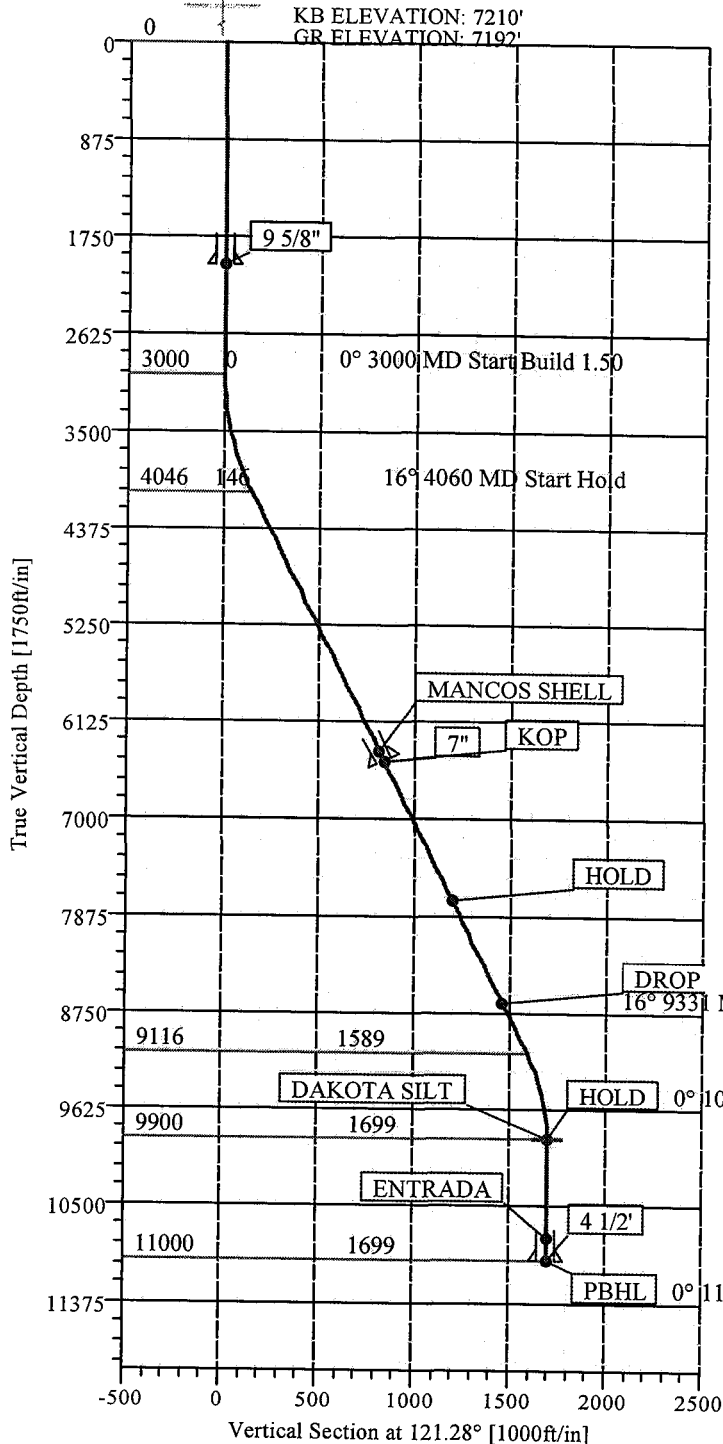
GRAND COUNTY

Geodetic System: US State Plane Coordinate System 1983
Ellipsoid: GRS 1980
Zone: Utah, Central Zone
Magnetic Model: bggm2006
System Datum: Mean Sea Level
Local North: True North

SITE DETAILS

TRAIL CANYON 1-1

Site Centre Latitude: 39°26'52.280N
Longitude: 109°33'06.590W
Ground Level: 7192.00
Positional Uncertainty: 0.00
Convergence: 1.25



FORMATION TOP DETAILS

No.	TVDPath	MDPath	Formation
1	6400.00	6507.09	MANCOS SHELL
2	9900.00	10125.16	DAKOTA SILT
3	10800.00	11025.16	ENTRADA



Weatherford®

Plan: Plan #2 (TC # 1-1/1)

Created By: Robert Vialpando

Date: 3/22/2007

Weatherford International, Ltd.

Planning Report

Company: ROYALE ENERGY, INC.		Date: 3/22/2007	Time: 15:50:47	Page: 1						
Field: GRAND, COUNTY		Co-ordinate(NE) Reference:	Site: TRAIL CANYON 1-1, True North							
Site: TRAIL CANYON 1-1		Vertical (TVD) Reference:	SITE 7210.0							
Well: TC # 1-1		Section (VS) Reference:	Well (0.00N, 0.00E, 121.28Azi)							
Wellpath: 1		Plan:	Plan #2							
Field: GRAND, COUNTY										
Map System: US State Plane Coordinate System 1983		Map Zone:	Utah, Central Zone							
Geo Datum: GRS 1980		Coordinate System:	Site Centre							
Sys Datum: Mean Sea Level		Geomagnetic Model:	bggm2006							
Site: TRAIL CANYON 1-1										
Site Position:		Northing: 6973618.81 ft	Latitude: 39 26 52.280 N							
From: Geographic		Easting: 2190509.96 ft	Longitude: 109 33 6.590 W							
Position Uncertainty: 0.00 ft			North Reference: True							
Ground Level: 7192.00 ft			Grid Convergence: 1.25 deg							
Well: TC # 1-1										
		Slot Name:								
Well Position: +N/-S 0.00 ft	Northing: 6973618.81 ft	Latitude: 39 26 52.280 N								
+E/-W 0.00 ft	Easting: 2190509.96 ft	Longitude: 109 33 6.590 W								
Position Uncertainty: 0.00 ft										
Wellpath: 1										
Current Datum: SITE		Drilled From: Surface								
Magnetic Data: 3/22/2007	Height: 7210.00 ft	Tie-on Depth: 0.00 ft								
Field Strength: 52484 nT		Above System Datum: Mean Sea Level								
Vertical Section: Depth From (TVD)		Declination: 11.57 deg								
ft	+N/-S ft	Mag Dip Angle: 65.53 deg								
		+E/-W ft	Direction deg							
0.00	0.00	0.00	121.28							
Plan: Plan #2										
Principal: No		Date Composed: 3/22/2007								
		Version: 1								
		Tied-to: From Surface								
Plan Section Information										
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	121.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3000.00	0.00	121.28	3000.00	0.00	0.00	0.00	0.00	0.00	0.00	
4059.50	15.89	121.28	4045.97	-75.80	124.78	1.50	1.50	0.00	121.28	
9330.53	15.89	121.28	9115.52	-825.15	1358.41	0.00	0.00	0.00	0.00	
10125.16	0.00	121.28	9900.00	-882.00	1452.00	2.00	-2.00	0.00	180.00	PBHL
11225.16	0.00	121.28	11000.00	-882.00	1452.00	0.00	0.00	0.00	121.28	
Survey										
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
0.00	0.00	121.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
100.00	0.00	121.28	100.00	0.00	0.00	0.00	0.00	0.00	0.00	
200.00	0.00	121.28	200.00	0.00	0.00	0.00	0.00	0.00	0.00	
300.00	0.00	121.28	300.00	0.00	0.00	0.00	0.00	0.00	0.00	
400.00	0.00	121.28	400.00	0.00	0.00	0.00	0.00	0.00	0.00	
500.00	0.00	121.28	500.00	0.00	0.00	0.00	0.00	0.00	0.00	
600.00	0.00	121.28	600.00	0.00	0.00	0.00	0.00	0.00	0.00	
700.00	0.00	121.28	700.00	0.00	0.00	0.00	0.00	0.00	0.00	
800.00	0.00	121.28	800.00	0.00	0.00	0.00	0.00	0.00	0.00	
900.00	0.00	121.28	900.00	0.00	0.00	0.00	0.00	0.00	0.00	
1000.00	0.00	121.28	1000.00	0.00	0.00	0.00	0.00	0.00	0.00	
1100.00	0.00	121.28	1100.00	0.00	0.00	0.00	0.00	0.00	0.00	
1200.00	0.00	121.28	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	
1300.00	0.00	121.28	1300.00	0.00	0.00					

Weatherford International, Ltd.

Planning Report

Company: ROYALE ENERGY INC.
 Field: GRAND COUNTY
 Site: TRAIL CANYON 1-1
 Well: TC # 1-1
 Wellpath: 1

Date: 3/22/2007 Time: 15:50:47 Page: 2
 Co-ordinate(N/E) Reference: TRAIL CANYON 1-1, True North
 Vertical (TVD) Reference: SITE 7210.0
 Section (VS) Reference: Well (0.00N,0.00E,121.28Azi)
 Plan: Plan #2

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
1500.00	0.00	121.28	1500.00	0.00	0.00	0.00	0.00	0.00	0.00	
1600.00	0.00	121.28	1600.00	0.00	0.00	0.00	0.00	0.00	0.00	
1700.00	0.00	121.28	1700.00	0.00	0.00	0.00	0.00	0.00	0.00	
1800.00	0.00	121.28	1800.00	0.00	0.00	0.00	0.00	0.00	0.00	
1900.00	0.00	121.28	1900.00	0.00	0.00	0.00	0.00	0.00	0.00	
2000.00	0.00	121.28	2000.00	0.00	0.00	0.00	0.00	0.00	0.00	9 5/8"
2100.00	0.00	121.28	2100.00	0.00	0.00	0.00	0.00	0.00	0.00	
2200.00	0.00	121.28	2200.00	0.00	0.00	0.00	0.00	0.00	0.00	
2300.00	0.00	121.28	2300.00	0.00	0.00	0.00	0.00	0.00	0.00	
2400.00	0.00	121.28	2400.00	0.00	0.00	0.00	0.00	0.00	0.00	
2500.00	0.00	121.28	2500.00	0.00	0.00	0.00	0.00	0.00	0.00	
2600.00	0.00	121.28	2600.00	0.00	0.00	0.00	0.00	0.00	0.00	
2700.00	0.00	121.28	2700.00	0.00	0.00	0.00	0.00	0.00	0.00	
2800.00	0.00	121.28	2800.00	0.00	0.00	0.00	0.00	0.00	0.00	
2900.00	0.00	121.28	2900.00	0.00	0.00	0.00	0.00	0.00	0.00	
3000.00	0.00	121.28	3000.00	0.00	0.00	0.00	0.00	0.00	0.00	
3100.00	1.50	121.28	3099.99	-0.68	1.12	1.31	1.50	1.50	0.00	
3200.00	3.00	121.28	3199.91	-2.72	4.47	5.23	1.50	1.50	0.00	
3300.00	4.50	121.28	3299.69	-6.11	10.06	11.77	1.50	1.50	0.00	
3400.00	6.00	121.28	3399.27	-10.86	17.88	20.92	1.50	1.50	0.00	
3500.00	7.50	121.28	3498.57	-16.97	27.93	32.68	1.50	1.50	0.00	
3600.00	9.00	121.28	3597.54	-24.41	40.19	47.03	1.50	1.50	0.00	
3700.00	10.50	121.28	3696.09	-33.21	54.67	63.96	1.50	1.50	0.00	
3800.00	12.00	121.28	3794.16	-43.33	71.34	83.47	1.50	1.50	0.00	
3900.00	13.50	121.28	3891.70	-54.79	90.20	105.54	1.50	1.50	0.00	
4000.00	15.00	121.28	3988.62	-67.57	111.24	130.15	1.50	1.50	0.00	
4059.50	15.89	121.28	4045.97	-75.80	124.78	146.00	1.50	1.50	0.00	
4100.00	15.89	121.28	4084.92	-81.56	134.26	157.09	0.00	0.00	0.00	
4200.00	15.89	121.28	4181.10	-95.77	157.67	184.47	0.00	0.00	0.00	
4300.00	15.89	121.28	4277.27	-109.99	181.07	211.86	0.00	0.00	0.00	
4400.00	15.89	121.28	4373.45	-124.20	204.47	239.24	0.00	0.00	0.00	
4500.00	15.89	121.28	4469.63	-138.42	227.88	266.62	0.00	0.00	0.00	
4600.00	15.89	121.28	4565.81	-152.64	251.28	294.01	0.00	0.00	0.00	
4700.00	15.89	121.28	4661.98	-166.85	274.69	321.39	0.00	0.00	0.00	
4800.00	15.89	121.28	4758.16	-181.07	298.09	348.77	0.00	0.00	0.00	
4900.00	15.89	121.28	4854.34	-195.29	321.49	376.16	0.00	0.00	0.00	
5000.00	15.89	121.28	4950.52	-209.50	344.90	403.54	0.00	0.00	0.00	
5100.00	15.89	121.28	5046.70	-223.72	368.30	430.92	0.00	0.00	0.00	
5200.00	15.89	121.28	5142.87	-237.94	391.70	458.31	0.00	0.00	0.00	
5300.00	15.89	121.28	5239.05	-252.15	415.11	485.69	0.00	0.00	0.00	
5400.00	15.89	121.28	5335.23	-266.37	438.51	513.08	0.00	0.00	0.00	
5500.00	15.89	121.28	5431.41	-280.59	461.92	540.46	0.00	0.00	0.00	
5600.00	15.89	121.28	5527.58	-294.80	485.32	567.84	0.00	0.00	0.00	
5700.00	15.89	121.28	5623.76	-309.02	508.72	595.23	0.00	0.00	0.00	
5800.00	15.89	121.28	5719.94	-323.24	532.13	622.61	0.00	0.00	0.00	
5900.00	15.89	121.28	5816.12	-337.45	555.53	649.99	0.00	0.00	0.00	
6000.00	15.89	121.28	5912.29	-351.67	578.94	677.38	0.00	0.00	0.00	
6100.00	15.89	121.28	6008.47	-365.88	602.34	704.76	0.00	0.00	0.00	
6200.00	15.89	121.28	6104.65	-380.10	625.74	732.14	0.00	0.00	0.00	
6300.00	15.89	121.28	6200.83	-394.32	649.15	759.53	0.00	0.00	0.00	
6400.00	15.89	121.28	6297.01	-408.53	672.55	786.91	0.00	0.00	0.00	
6500.00	15.89	121.28	6393.18	-422.75	695.96	814.29	0.00	0.00	0.00	
6507.09	15.89	121.28	6400.00	-423.76	697.62	816.23	0.00	0.00	0.00	
6600.00	15.89	121.28	6489.36	-436.97	719.36	841.68	0.00	0.00	0.00	MANCOS SHELL

Weatherford International, Ltd.

Planning Report

Company: ROYALE ENERGY, INC.
 Field: GRAND COUNTY
 Site: TRAIL CANYON 1-1
 Well: TC # 1-1
 Wellpath: 1

Date: 3/22/2007 Time: 15:50:47 Page: 3
 Co-ordinate(N/E) Reference: TRAIL CANYON 1-1, True North
 Vertical (TVD) Reference: SITE 7210.0
 Section (VS) Reference: Well (0.00N, 0.00E, 121.28Azi)
 Plan: Plan #2

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
6611.06	15.89	121.28	6500.00	-438.54	721.95	844.71	0.00	0.00	0.00	7"
6700.00	15.89	121.28	6585.54	-451.18	742.76	869.06	0.00	0.00	0.00	
6800.00	15.89	121.28	6681.72	-465.40	766.17	896.44	0.00	0.00	0.00	
6900.00	15.89	121.28	6777.89	-479.62	789.57	923.83	0.00	0.00	0.00	
7000.00	15.89	121.28	6874.07	-493.83	812.98	951.21	0.00	0.00	0.00	
7100.00	15.89	121.28	6970.25	-508.05	836.38	978.59	0.00	0.00	0.00	
7200.00	15.89	121.28	7066.43	-522.27	859.78	1005.98	0.00	0.00	0.00	
7300.00	15.89	121.28	7162.60	-536.48	883.19	1033.36	0.00	0.00	0.00	
7400.00	15.89	121.28	7258.78	-550.70	906.59	1060.74	0.00	0.00	0.00	
7500.00	15.89	121.28	7354.96	-564.91	930.00	1088.13	0.00	0.00	0.00	
7600.00	15.89	121.28	7451.14	-579.13	953.40	1115.51	0.00	0.00	0.00	
7700.00	15.89	121.28	7547.32	-593.35	976.80	1142.89	0.00	0.00	0.00	
7800.00	15.89	121.28	7643.49	-607.56	1000.21	1170.28	0.00	0.00	0.00	
7899.34	15.89	121.28	7739.04	-621.69	1023.46	1197.48	0.00	0.00	0.00	
7900.00	15.89	121.28	7739.67	-621.78	1023.61	1197.66	0.00	0.00	0.00	HOLD
8000.00	15.89	121.28	7835.85	-636.00	1047.02	1225.04	0.00	0.00	0.00	
8100.00	15.89	121.28	7932.03	-650.21	1070.42	1252.43	0.00	0.00	0.00	
8200.00	15.89	121.28	8028.20	-664.43	1093.82	1279.81	0.00	0.00	0.00	
8300.00	15.89	121.28	8124.38	-678.65	1117.23	1307.19	0.00	0.00	0.00	
8400.00	15.89	121.28	8220.56	-692.86	1140.63	1334.58	0.00	0.00	0.00	
8500.00	15.89	121.28	8316.74	-707.08	1164.03	1361.96	0.00	0.00	0.00	
8600.00	15.89	121.28	8412.91	-721.30	1187.44	1389.34	0.00	0.00	0.00	
8700.00	15.89	121.28	8509.09	-735.51	1210.84	1416.73	0.00	0.00	0.00	
8800.00	15.89	121.28	8605.27	-749.73	1234.25	1444.11	0.00	0.00	0.00	
8857.90	15.89	121.28	8660.96	-757.96	1247.80	1459.97	0.00	0.00	0.00	
8900.00	15.89	121.28	8701.45	-763.94	1257.65	1471.49	0.00	0.00	0.00	DROP
9000.00	15.89	121.28	8797.63	-778.16	1281.05	1498.88	0.00	0.00	0.00	
9100.00	15.89	121.28	8893.80	-792.38	1304.46	1526.26	0.00	0.00	0.00	
9200.00	15.89	121.28	8989.98	-806.59	1327.86	1553.65	0.00	0.00	0.00	
9300.00	15.89	121.28	9086.16	-820.81	1351.27	1581.03	0.00	0.00	0.00	
9330.53	15.89	121.28	9115.52	-825.15	1358.41	1589.39	0.00	0.00	0.00	
9400.00	14.50	121.28	9182.56	-834.61	1373.98	1607.60	2.00	-2.00	0.00	
9500.00	12.50	121.28	9279.79	-846.73	1393.93	1630.95	2.00	-2.00	0.00	
9600.00	10.50	121.28	9377.78	-857.08	1410.98	1650.89	2.00	-2.00	0.00	
9700.00	8.50	121.28	9476.40	-865.65	1425.09	1667.40	2.00	-2.00	0.00	
9800.00	6.50	121.28	9575.54	-872.43	1436.25	1680.46	2.00	-2.00	0.00	
9900.00	4.50	121.28	9675.07	-877.41	1444.44	1690.05	2.00	-2.00	0.00	
10000.00	2.50	121.28	9774.88	-880.58	1449.66	1696.16	2.00	-2.00	0.00	
10100.00	0.50	121.28	9874.84	-881.94	1451.91	1698.78	2.00	-2.00	0.00	
10125.16	0.00	121.28	9900.00	-882.00	1452.00	1698.89	2.00	-2.00	0.00	
10200.00	0.00	121.28	9974.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	PBHL
10300.00	0.00	121.28	10074.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
10400.00	0.00	121.28	10174.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
10500.00	0.00	121.28	10274.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
10600.00	0.00	121.28	10374.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
10700.00	0.00	121.28	10474.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
10800.00	0.00	121.28	10574.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
10900.00	0.00	121.28	10674.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
11000.00	0.00	121.28	10774.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
11025.16	0.00	121.28	10800.00	-882.00	1452.00	1698.89	0.00	0.00	0.00	
11100.00	0.00	121.28	10874.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	ENTRADA
11200.00	0.00	121.28	10974.84	-882.00	1452.00	1698.89	0.00	0.00	0.00	
11225.16	0.00	121.28	11000.00	-882.00	1452.00	1698.89	0.00	0.00	0.00	4 1/2'

Weatherford International, Ltd.

Planning Report

Company: ROYALE ENERGY, INC.
Field: GRAND COUNTY
Site: TRAIL CANYON 1-1
Well: TC # 1-1
Wellpath: 1

Date: 3/22/2007 **Time:** 15:50:47 **Page:** 4
Co-ordinate(NE) Reference: TRAIL CANYON 1-1, True North
Vertical (TVD) Reference: SITE 7210.0
Section (VS) Reference: Well (0.00N, 0.00E, 121.28Azi)
Plan: Plan #2

Targets

Name	Description	TVD	+N/-S	+E/-W	Map	Map	<--- Latitude --->			<--- Longitude --->				
	Dip.	Dir.	ft	ft	ft	ft	Deg	Min	Sec	Deg	Min	Sec		
PBHL			9900.00	-882.00	1452.00	6972768.652191980.83	39	26	43.562	N	109	32	48.080	W
-Plan hit target														

Casing Points

MD ft	TVD ft	Diameter in	Hole Size in	Name
2000.00	2000.00	9.625	12.250	9 5/8"
6611.06	6500.00	7.000	8.750	7"
11225.16	11000.00	4.500	6.250	4 1/2"

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
6507.09	6400.00	MANCOS SHELL		0.00	0.00
10125.16	9900.00	DAKOTA SILT		0.00	0.00
11025.16	10800.00	ENTRADA		0.00	0.00

Annotation

MD ft	TVD ft	
6611.06	6500.00	KOP
7899.34	7739.04	HOLD
8857.90	8660.96	DROP
10125.16	9900.00	HOLD
11225.16	11000.00	PBHL

ROYALE ENERGY, INC.
TRAIL CANYON #2-1 & #1-1
LOCATED IN GRAND COUNTY, UTAH
SECTION 1, T16S, R21E, S.L.B.&M.

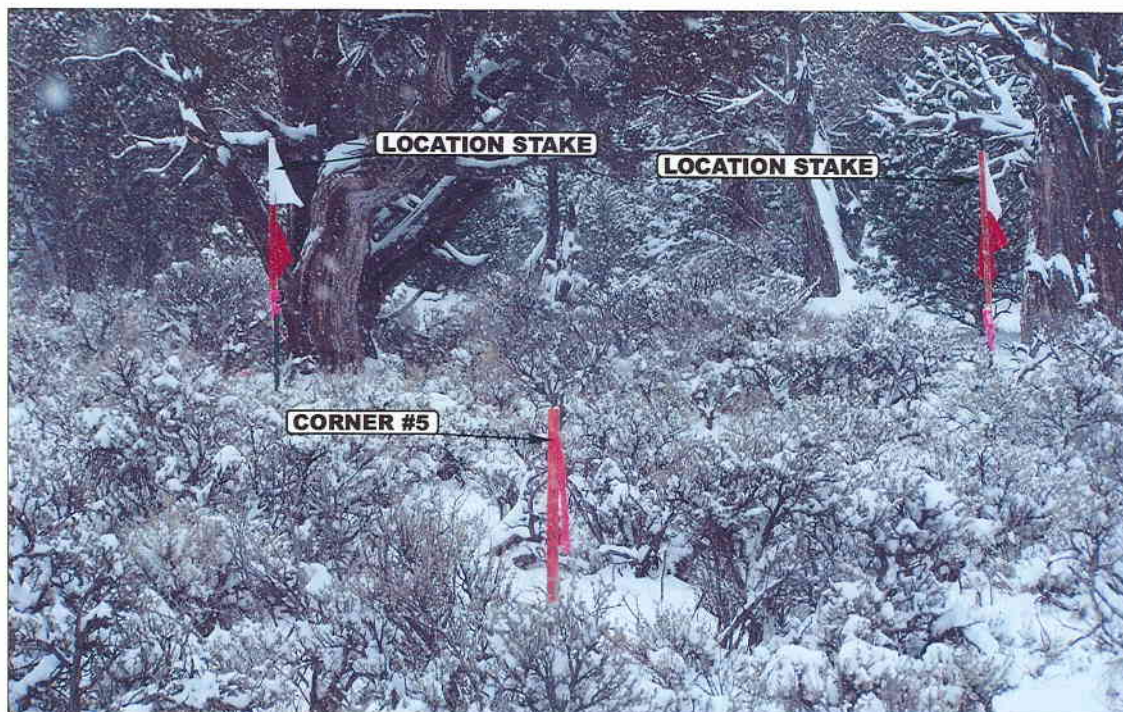


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKES

CAMERA ANGLE: SOUTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

11 **30** **06**
MONTH DAY YEAR

PHOTO

TAKEN BY: D.R.

DRAWN BY: C.P.

REVISED: 00-00-00

ROYALE ENERGY, INC.

FIGURE #1

LOCATION LAYOUT FOR

TRAIL CANYON #2-1 & #1-1
SECTION 1, T16S, R21E, S.L.B.&M.
SW 1/4 NE 1/4

Prevailing

N

Winds

CONSTRUCT
DIVERSION
DITCH

SCALE: 1" = 50'
DATE: 11-30-06
Drawn By: C.H.

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.

C-5.9'
El. 196.7'

C-3.2'
El. 194.0'

Topsoil Stockpile

Sta. 3+35

Approx.
Top of
Cut Slope

Round Corners
as Needed

FLARE PIT

PIPE TUBS

PIPE RACKS

Reserve Pit Backfill
& Spoils Stockpile

El. 205.0'
C-24.2'
(btm. pit)

Pit Topsoil

C-1.4'
El. 192.2'

F-7.9'
El. 182.9'

Sta. 1+60

C-0.7'
El. 191.5'

TOILET

TRAILER

RESERVE PITS
(10' Deep)

LIGHT PLANT

BOILER

COMPRESSOR

BOOSTER

WATER
TANK

Approx.
Toe of
Fill Slope

Sta. 0+50

MUD TANKS

PUMP HOUSE

TRASH

PROPANE
STORAGE

Sta. 0+00

El. 200.7'
C-19.9'
(btm. pit)

Reserve Pit Backfill
& Spoils Stockpile

NOTES:

Elev. Ungraded Ground At Loc. Stake = 7192.2'
FINISHED GRADE ELEV. AT LOC. STAKE = 7190.8'

C-2.2'
El. 193.0'

C-0.5'
El. 191.3'

Proposed Access
Road

F-7.9'
El. 182.9'

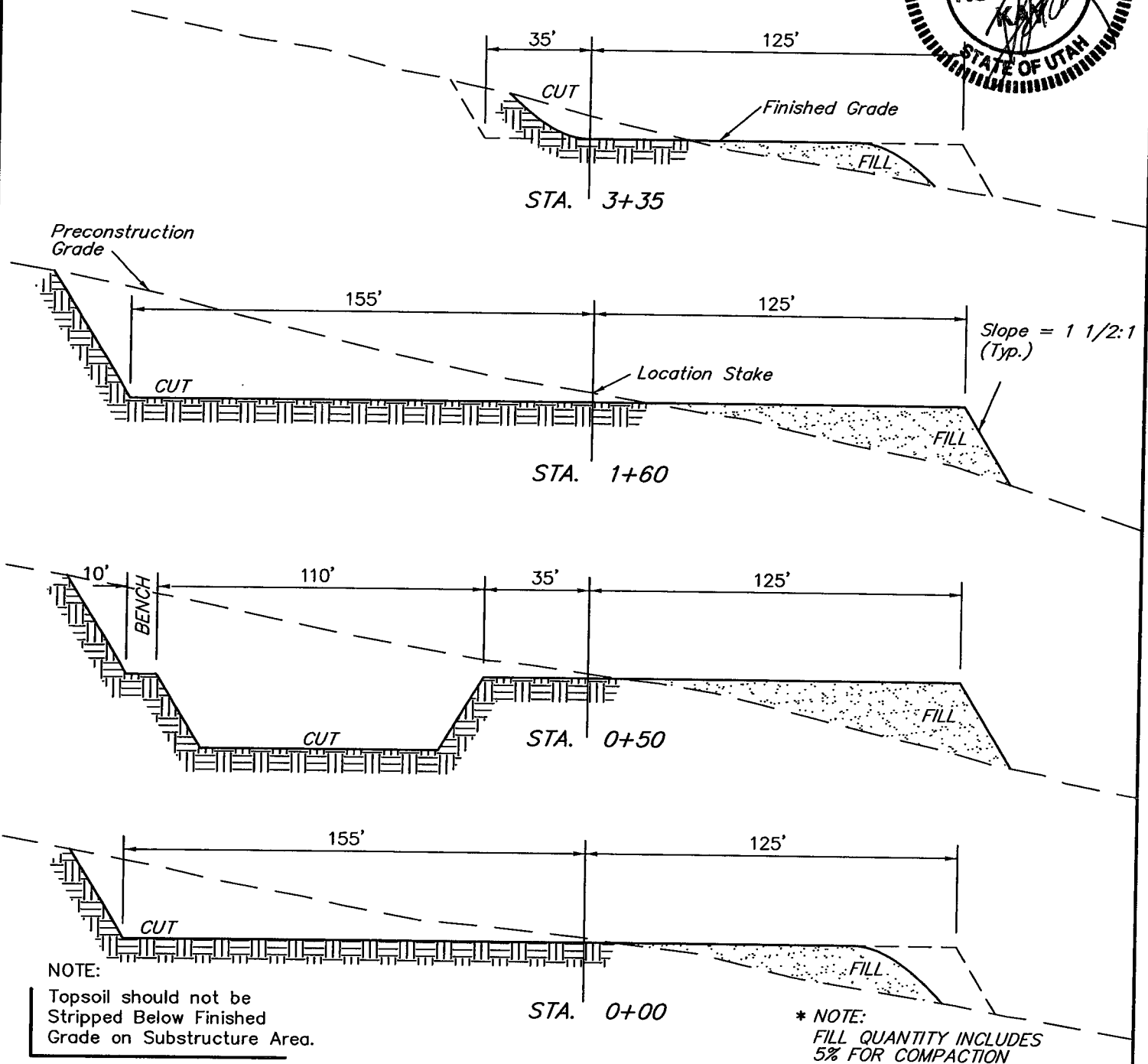
UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

ROYALE ENERGY, INC.

FIGURE #2

TYPICAL CROSS SECTIONS FOR TRAIL CANYON #2-1 & #1-1 SECTION 1, T16S, R21E, S.L.B.&M. SW 1/4 NE 1/4

1" = 20'
X-Section
Scale
1" = 50'
DATE: 11-30-06
Drawn By: C.H.

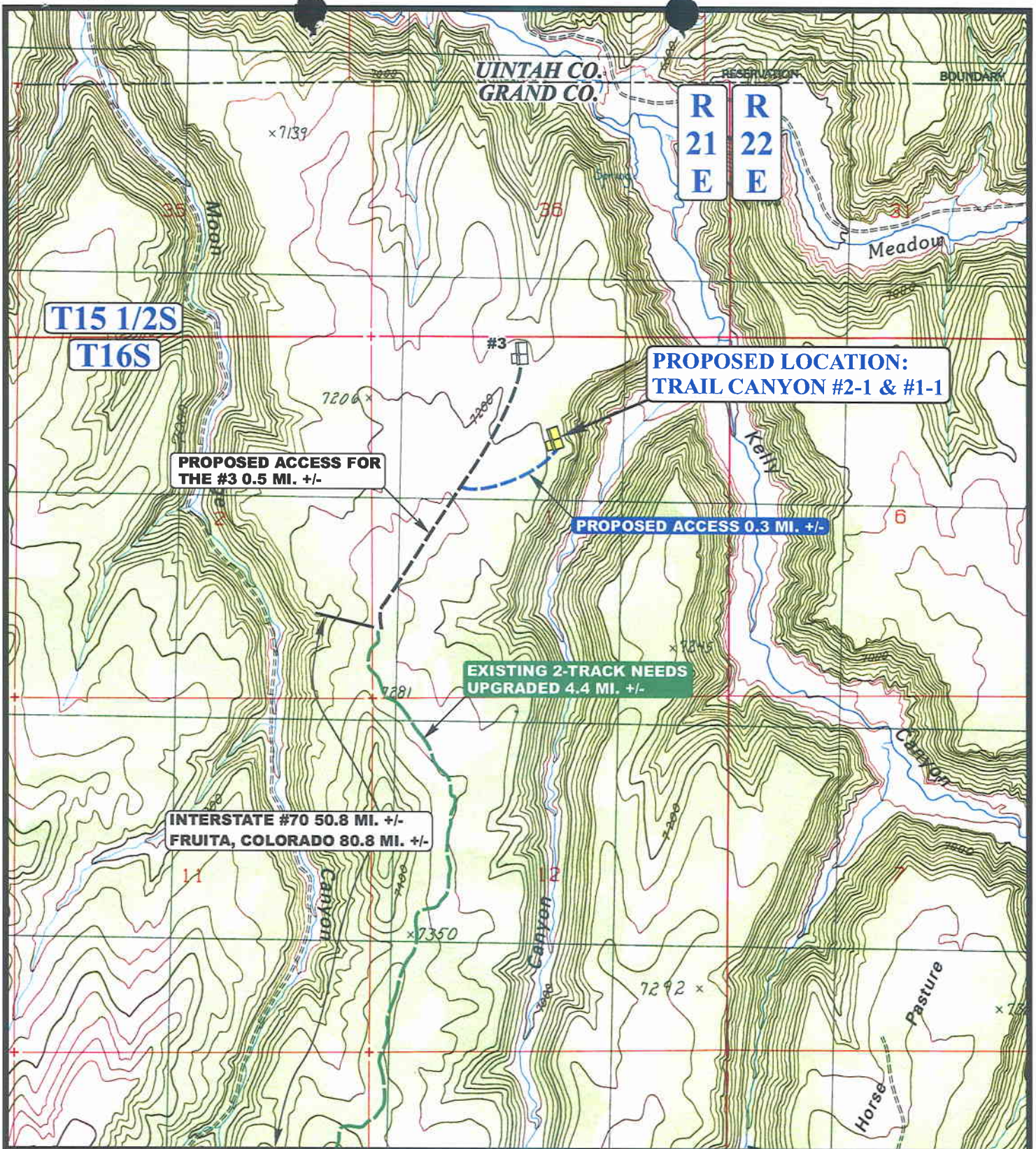


APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,730 Cu. Yds.
Remaining Location	= 12,980 Cu. Yds.
TOTAL CUT	= 14,710 CU.YDS.
FILL	= 7,090 CU.YDS.

EXCESS MATERIAL	= 7,620 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 4,210 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 3,410 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED



ROYALE ENERGY, INC.

TRAIL CANYON #2-1 & #1-1
SECTION 1, T16S, R21E, S.L.B.&M.
SW 1/4 NE 1/4



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

11 30 06
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 03/28/2007

API NO. ASSIGNED: 43-019-31531

WELL NAME: TRAIL CYN 1-1

OPERATOR: ROYALE ENERGY, INC. (N2465)

PHONE NUMBER: 619-881-2800

CONTACT: ERIC NOBLITT

PROPOSED LOCATION:

SWNE 01 160S 210E

SURFACE: 1542 FNL 2622 FEL

BOTTOM: 2424 FNL 1170 FEL

COUNTY: GRAND

LATITUDE: 39.44783 LONGITUDE: -109.5510

UTM SURF EASTINGS: 624681 NORTHINGS: 4367267

FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	4/18/07
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47218

PROPOSED FORMATION: ENRD

SURFACE OWNER: 3 - State

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 291395)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. T31712)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

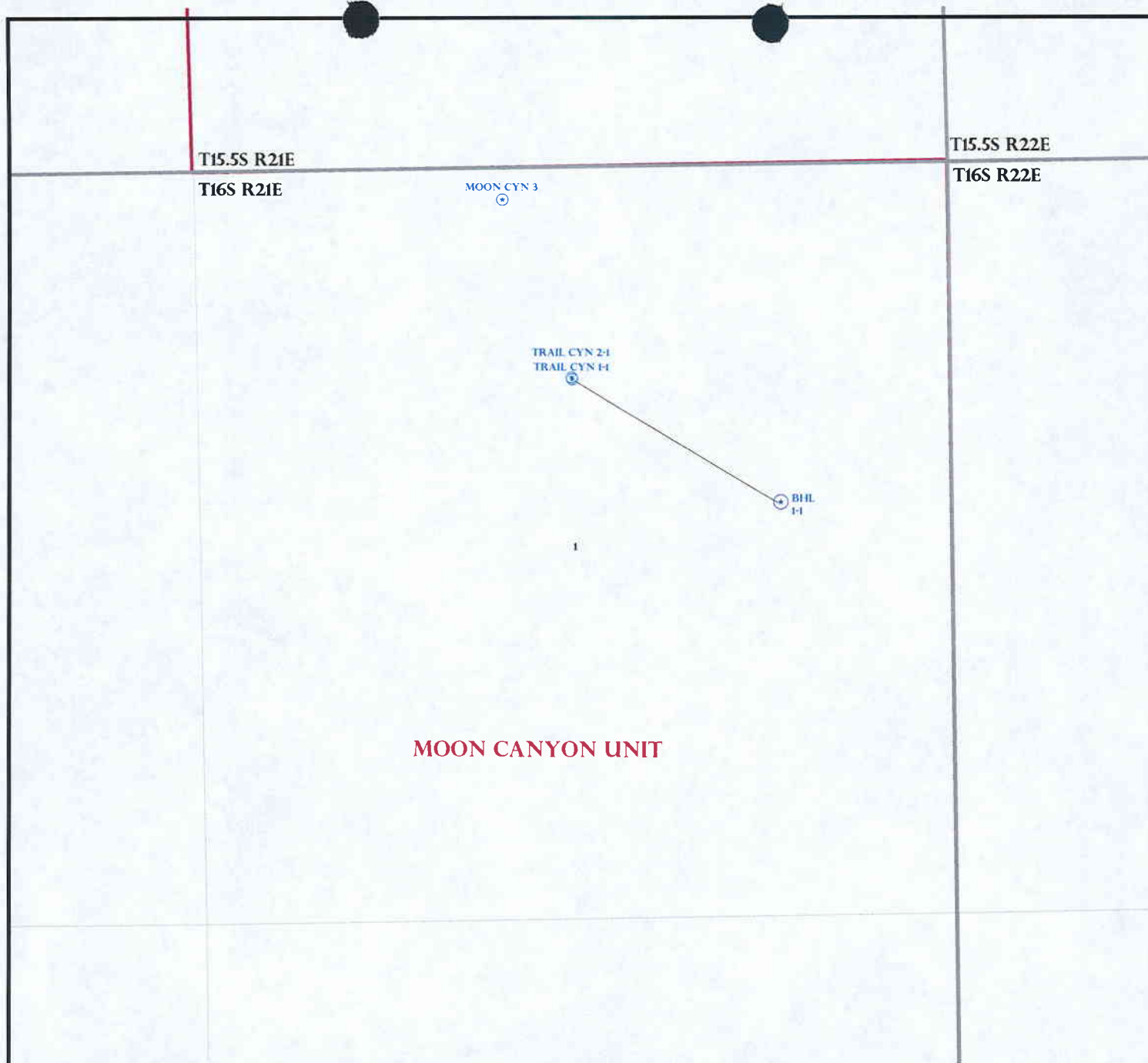
___ R649-2-3.
Unit: MOON CANYON
___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
☒ R649-3-3. Exception Location
___ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
☒ R649-3-11. Directional Drill

COMMENTS:

Needs Update (04-03-07)

STIPULATIONS:

*1- Spacing Unit
2- STATEMENT OF BASIS*



OPERATOR: ROYALE ENERGY (N2465)

SEC: 1 T.16S R. 21E

FIELD: WILDCAT (001)

COUNTY: GRAND

SPACING: R649-3-11 / DIRECTIONAL DRILLING

Field Status

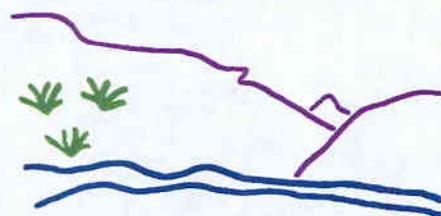
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 29-MARCH-2007

Application for Permit to Drill

Statement of Basis

4/11/2007

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
357	43-019-31531-00-00		GW	S	No
Operator	ROYALE ENERGY, INC.		Surface Owner-APD		
Well Name	TRAIL CYN 1-1		Unit		
Field	UNDESIGNATED		Type of Work		
Location	SWNE 1 16S 21E S 1542 FNL 2622 FEL GPS Coord (UTM) 624681E 4367267N				

Geologic Statement of Basis

A well at this location will spud into the Tertiary age lower part of the Parachute Creek Member of the Green River Formation. A poorly to moderately permeable soil is developed on the Parachute Creek Member of the Green River Formation. The Parachute Creek Member is regarded as an aquifer in the Uinta Basin and is likely to contain a high quality ground water resource. In addition, the Wasatch Formation (Wasatch Aquifer) is closely subjacent. The base of moderately saline ground water is found at approximately 2,800', Total Depth (TD). The Operator proposes to set 9 5/8" surface casing at 2,000' TD and 7" intermediate casing at 6,500' TD. According to the proposed cementing program they will cement the surface casing up to the surface, including one-inching to surface if needed. It is recommended that the cement program for the intermediate casing include a requirement for cementing to 100' above the base of the surface casing (~1900"TD) in order to isolate the low quality water from the high quality water above. No underground water rights exist within a mile of the location.

Chris Kierst
APD Evaluator

4/11/2007
Date / Time

Surface Statement of Basis

On-site evaluation conducted April 3, 2007. Participants included: Bart Kettle (Division of Oil, Gas and Mining), Ben Williams (Division of Wildlife Resources), Jim Davis (School and Institutional Trust Land Administration), Eric Noblitt (Agent for Royale), Glen Donaldson (Royale) and Ron Glendive (Halliburton).

Due to resource damage resulting from drilling activities conducted during spring thaw on the Bookcliff divide in previous years, it is recommended that drilling be avoided during the months of February through April. DWR recommending that access road be moved in to the Pinyon/Juniper trees. Reserve pit should be fenced on all four sides upon the removal of the drilling rig to prevent entrapment of wildlife, livestock and wild horses.

Bart Kettle
Onsite Evaluator

4/3/2007
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
Pits	Fence reserve pit immediately upon removal of the drilling rig.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator ROYALE ENERGY, INC.
Well Name TRAIL CYN 1-1
API Number 43-019-31531-0 **APD No** 357 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SWNE **Sec** 1 **Tw** 16S **Rng** 21E 1542 FNL 2622 FEL
GPS Coord (UTM) **Surface Owner**

Participants

Bart Kettle (DOGM), Ben Williams (DWR), Jim Davis (SITLA), Eric Noblitt (Agent for Royale), Glen Donaldson (Royale) and Ron Glendive (Halliburton)

Regional/Local Setting & Topography

Project site is 60 miles northwest of Frutia Colorado in Grand County Utah. The project site is located near the Bookcliffs divide on the north side above Meadow Creek in a 14-16" precept zone. Pinyon/Juniper rangelands dominate the surroundings. Many deep rocky pinyon/juniper, Douglas fir and mountain browse canyons surround the well site. Topography to the south rises to the Bookcliff divide, and then drops off quickly into a narrow band of P/J woodlands, with extensive salt scrub clay flats in the Grand Valley below. Slopes are more gradual to the north, with extensive P/J woodland eventually giving way to the salt scrub communities bordering the White and Green Rivers. Project site is located towards the end of a long mesa over looking the Meadow Creek drainage. No perennial water was observed during the on-site inspection, however Meadow Creek, a perennial stream, is located within 1/2 mile of the well site. Drainages in the immediate area are ephemeral in nature. Perennial and intermittent springs are shown on 7.5 min maps near the bottom of adjacent canyons. Access to the well site can be gained via the Moon Ridge Road either from V Canyon or the Bookcliff Divide Roads.

Surface Use Plan

Current Surface Use

Grazing

Wildlife Habitat

New Road

Miles	Well Pad		Src Const Material	Surface Formation
5	Width 280	Length 335	Onsite	GRRV

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Flora

Forbs: Spring parsley, spiny phlox

Grass: Sandburg's blue grass, needle and thread grass, bottle brush squirrel tail, western wheat grass, Indian rice grass, Elk sedge, blue bunch wheat grass, thickspike wheat grass.

Shrubs: Birch leaf mountain mahogany, Wyoming sage

Trees: Two needle pinyon, Utah juniper, Douglas fir.

Fauna

Elk, mule deer, black bear, cougar, bobcat, cotton tail rabbits, black tail jack rabbit, pinyon jay, canyon wren, Clarks nutcracker, black capped chickadee, deer mouse. Potential for many species of rodents, song birds, raptors and

reptiles.

Soil Type and Characteristics

Orange sandy loam, sandstone fragments

Erosion Issues Y

Soils erosive when disturbed

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y

Berm Required? N

Erosion Sedimentation Control Required? N

Reseed well pad and top soil as soon as possible to prevent erosion.

Paleo Survey Run? N Paleo Potential Observed? N Cultural Survey Run? N Cultural Resources? N

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
Final Score		20 1 Sensitivity Level

Characteristics / Requirements

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 12 Pit Underlayment Required? N

Other Observations / Comments

Division of Wildlife Resources (DWR) comments that the project area lies within High value mule deer summer range and critical elk summer range. DWR recommends that Royale move the access road out of the sage brush flat into P/J interface. School and Institutional Trust Lands Administration (SITLA) concerned about impacts of rig traffic on roads during wet season of the year. Recommending Royale avoid drilling during the months of Dec-April. SITLA requesting that if well proves to be a produce pipeline be buried for a bulk of it's length. SITLA recommending a raised bed road surface to prevent excessive erosion, some culverts will be require along the length of the road. Division of Oil, Gas and Mining concerned about impacts caused in the region when operators attempt to drill wells during the spring break up period occurring from Feb. early April. DOGM recommends that Royale be prepared to deal with powdery road conditions and dust problems during the months of May-July.

Bart Kettle
Evaluator

4/3/2007
Date / Time

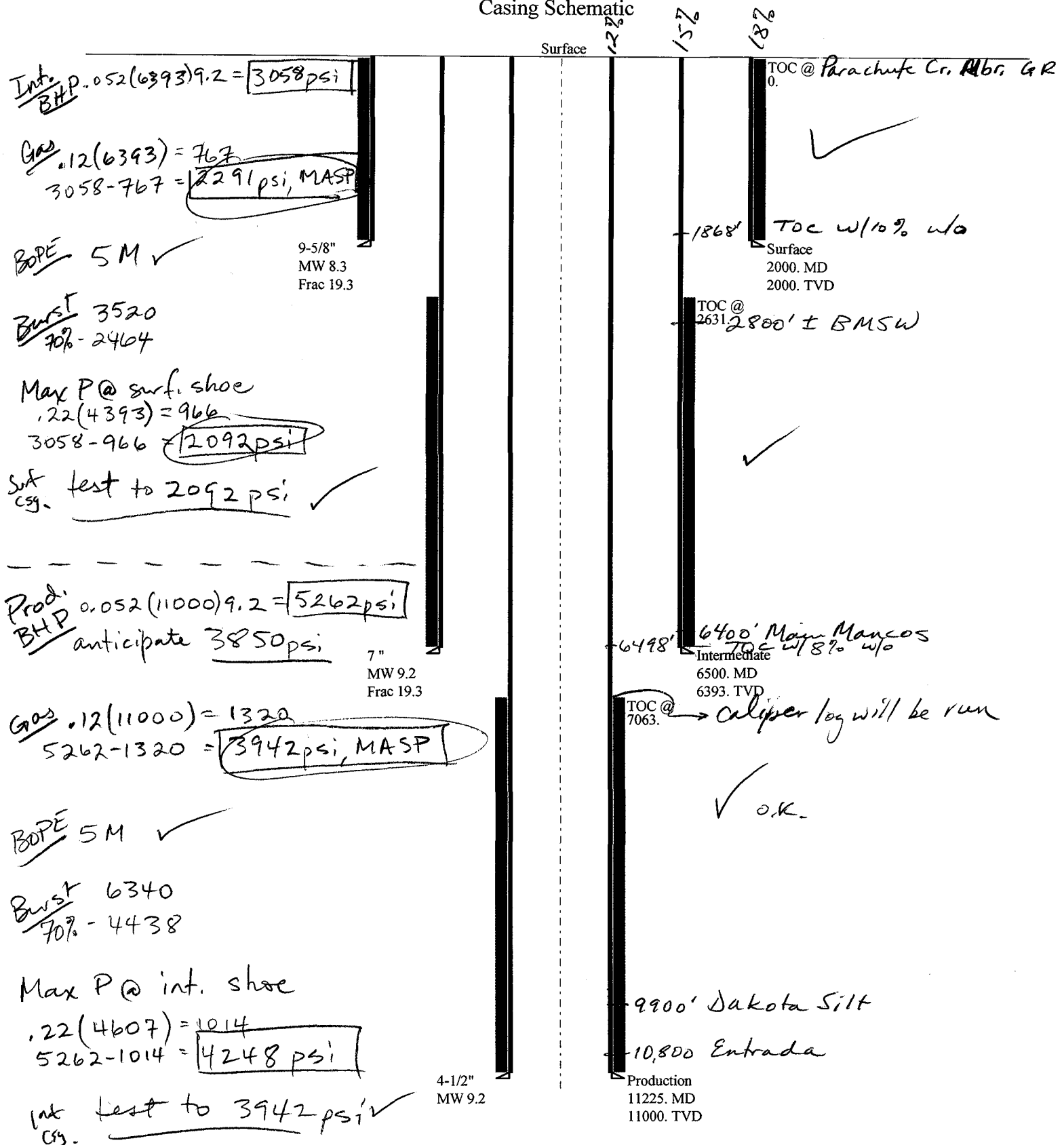
UTAH DIVISION OF WATER RIGHTS

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2007-04 Royale Trail Cyn 1-1

Casing Schematic



Stop int. cnt

✓ Adequate over 4/18/07

Well name:	2007-04 Royale Trail Cyn 1-1	
Operator:	Royale Energy Inc.	Project ID:
String type:	Surface	43-019-31531
Location:	Grand County	

Design parameters:
Collapse

Mud weight: 8.300 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 93 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,000 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 1,754 ft

Non-directional string.
Re subsequent strings:

Next setting depth: 6,393 ft
Next mud weight: 9.200 ppg
Next setting BHP: 3,055 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure: 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	36.00	K-55	ST&C	2000	2000	8.765	868.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	862	2020	2.342	2000	3520	1.76	72	423	5.88 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: 801-538-5357

Date: April 12, 2007
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.3 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2007-04 Royale Trail Cyn 1-1		
Operator:	Royale Energy Inc.		Project ID:
String type:	Intermediate		43-019-31531
Location:	Grand County		

Design parameters:
Collapse

Mud weight: 9.200 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 155 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 2,631 ft

Burst

Max anticipated surface pressure: 2,837 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 4,244 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 5,581 ft

Directional Info - Build & Hold

Kick-off point 3000 ft
Departure at shoe: 814 ft
Maximum dogleg: 1.5 °/100ft
Inclination at shoe: 15.89 °

Re subsequent strings:

Next setting depth: 11,000 ft
Next mud weight: 9.200 ppg
Next setting BHP: 5,257 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 11,000 ft
Injection pressure: 11,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	6500	7	23.00	N-80	LT&C	6393	6500	6.25	1436.7

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3055	3830	1.254	4244	6340	1.49	147	442	3.01 J

Prepared Helen Sadik-Macdonald
by: Div of Oil, Gas & Minerals

Phone: 801-538-5357

Date: April 12, 2007
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 6393 ft, a mud weight of 9.2 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2007-04 Royale Trail Cyn 1-1	
Operator:	Royale Energy Inc.	
String type:	Production	Project ID: 43-019-31531
Location:	Grand County	

Design parameters:
Collapse

Mud weight: 9.200 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 219 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: 7,063 ft

Burst

Max anticipated surface pressure: 2,837 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,257 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Directional Info - Build & Hold

Kick-off point 3000 ft
Departure at shoe: 1699 ft
Maximum dogleg: 2 °/100ft
Inclination at shoe: 0 °

Tension is based on air weight.

Neutral point: 9,711 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	11225	4.5	11.60	P-110	LT&C	11000	11225	3.875	979.6

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5257	7580	1.442	5257	10690	2.03	128	279	2.19 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: 801-538-5357

Date: April 12, 2007
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 11000 ft, a mud weight of 9.2 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

Engineering responsibility for use of this design will be that of the purchaser.

Eric Noblitt
2275 Logos Court, Suite B-1
Grand Junction, CO. 81505
(970)245-3951

April 14, 2007

Ms. Diana Mason
Division of Oil, Gas and Mining
Box 14581
Salt Lake City, Utah 84114-5801

Re: Directional Drilling R649-3-11
Royale Energy, Inc.'s – Trail Canyon 1-1
Surface Location: SW/4NE/4(1542' FNL & 2622' FEL) Sec. 1 – T16S-R21E
BHL Location: SE/4NE/4(2424' FNL & 1170' FEL) Sec. 1 – T16S-R21E
State Lease # ML-47218

Dear Ms. Mason:

Pursuant to the filing of Royale Energy's Application for Permit to Drill of the above described well, Royal Energy is submitting this letter in accordance with Rule R649-3-11.

- The Trail Canyon 1-1 is within the Moon Canyon Unit Area.
- This well is being directional drilled due to topographical and geological constraints.
- Royale Energy, Inc. and National Fuel Corporation are the only interest owners within 460 feet of the entire directional well bore. National Fuel Corp. is a Working interest partner with Royale in this well.

Based on the above information, Royale request that the directional permit be approved pursuant to R649-3-11.

Please do not hesitate to contact me at (970) 245-3951 regarding any questions you may have regarding this letter.

Sincerely,



Eric Noblitt, Agent
Royale Energy, Inc.

c.c. Lauren Hartwell – Royale Energy, Inc.
Glenn Donaldson – Royale Energy, Inc.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:
3160
(U-922)

April 17, 2007

Royale Energy, Inc.
7676 Hazard Center Drive
Suite 1500
San Diego, CA 92108

Re: Amendment to 2007 Plan of Development
Moon Canyon Unit
Grand and Uintah Counties, Utah

Dear Ms. Hartwell:

We are in receipt of your letter dated February 23, 2007, received April 16th 2007, requesting approval of modifications to your 2007 Plan of Development dated February 23, 2007 approved February 27, 2007.

Pursuant to your request and information provided by the Utah Division of Oil, Gas, and Mining the plan is modified as follows:

The Trail Canyon 1-1 will be directionally drilled to the Entrada Formation in Calendar year 2008 at the following location:

43-019-31531 Trail Cyn 1-1 Sec 01 T16S R21E 1542 FNL 2622 FEL
BHL Sec 01 T16S R21E 2424 FNL 1170 FEL

The Trail Canyon 2-1 will be drilled to the Entrada Formation in Calendar year 2007 at the following location

43-019-31532 Trail Cyn 2-1 Sec 01 T16S R21E 1528 FNL 2627 FEL

If you have any questions regarding this correspondence please contact the undersigned at (801) 539-4042.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Coulthard". The signature is written in a cursive, flowing style.

Michael L. Coulthard
Petroleum Engineer

AREA CODE 303
PHONE 220-7772

FAX
220-7773

National Fuel Corporation

8400 EAST PRENTICE AVENUE, SUITE 1100
GREENWOOD VILLAGE, COLORADO 80111-2926



May 9, 2007

Ms. Diana Mason
Division of Oil, Gas & Mining
Box 145801
Salt Lake City, UT 84114-5801

RE: **Exception to Location and Siting of Well – Rule 649-3-3**
Royale Energy, Inc. Trail Canyon 1-1
Township 16 South - Range 21 East
Surface Location: Section 1: SW/4NE/4 (1542' FNL & 2622' FEL)
BHL Location: Section 1: SE/4NE/4 (2424' FNL & 1170' FEL)
Grand County, Utah

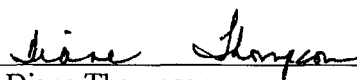
Dear Ms. Mason:

Pursuant to the Application for Permit To Drill for the Trail Canyon 1-1 submitted by Royale Energy, Inc., please allow this letter to serve that National Fuel Corporation, as 25 percent working interest owner in SITLA Lease ML-47218, supports the above-referenced proposed well location due to topographic constraints.

If you need anything further, please do not hesitate to contact our office.

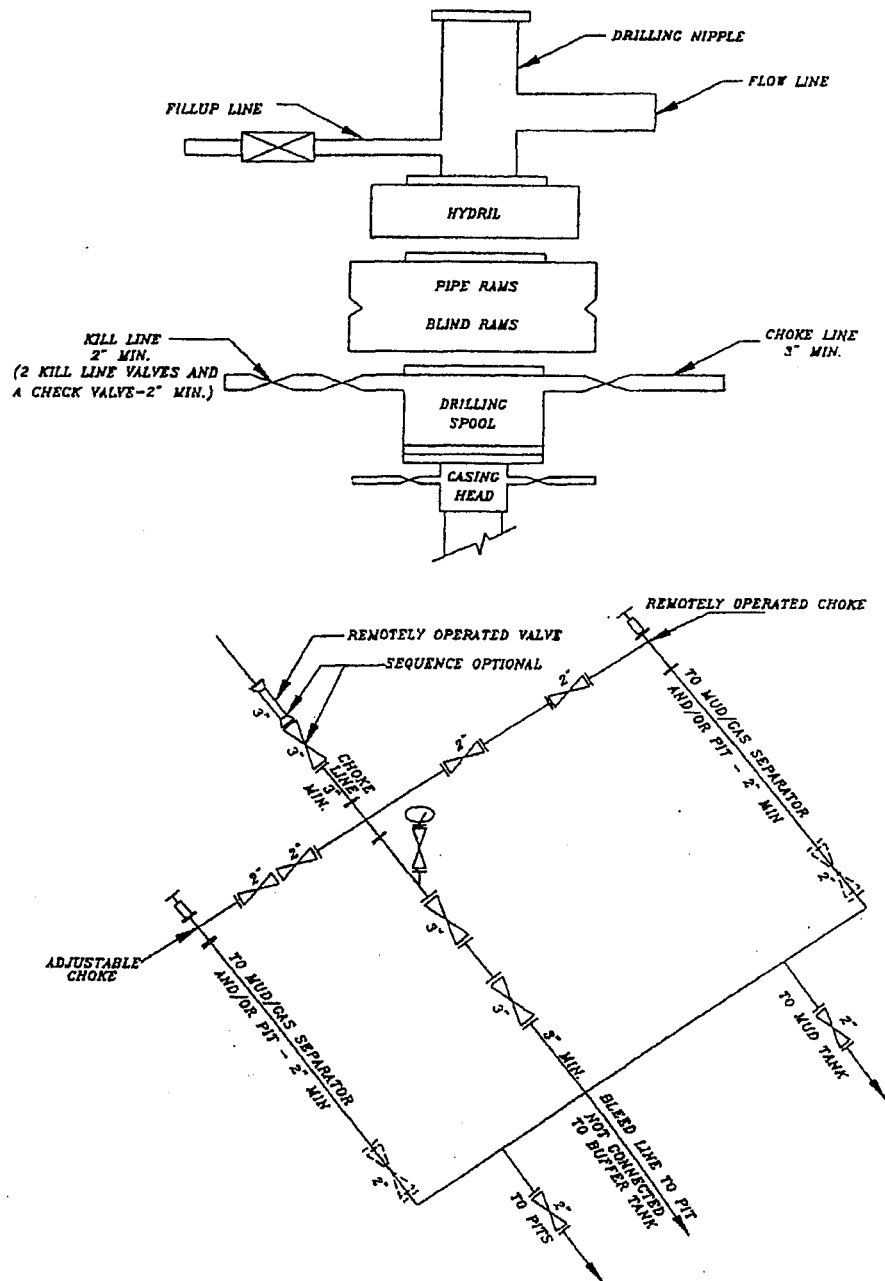
Sincerely,

National Fuel Corporation

By: 
Diane Thompson
President

Date: 5/9/2007

5M BOP STACK and CHOKE MANIFOLD SYSTEM



From: Ed Bonner
To: Mason, Diana
Date: 5/22/2007 5:05 PM
Subject: Well Clearance

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

The following wells have been given cultural resources clearance by the Trust Lands Cultural Resources Group:

Dominion Exploration & Production, Inc
LCU 5-36F (API 43 047 38785)

Gasco Production Company
State 21-32B (API 43 047 39170)
State 22-32A (API 43 047 39171)
State 21-32A (API 43 047 39172)

Kerr McGee Oil & Gas Onshore LP
NBU 1021-29L (API 43 047 39009)
NBU 1021-29O (API 43 047 39010)
NBU 1021-29N (API 43 047 39011)
NBU 1021-29J (API 43 047 39012)
NBU 1021-29K (API 43 047 39013)
NBU 1021-29I (API 43 047 39014)
NBU 1021-29G (API 43 047 39015)
NBU 1021-29F (API 43 047 39016)
NBU 1021-29E (API 43 047 39017)
NBU 1021-29C (API 43 047 39018)
NBU 1021-29A (API 43 047 39019)
NBU 1021-29P (API 43 047 39110)

Royale Energy, Inc
Trail Canyon 1-1 (API 43 019 31531)
Trail Canyon 2-1 (API 43 019 31532)

XTO Energy, Inc
State of Utah 18-7-1-13 (API 43 015 30694)

If you have any questions regarding this matter please give me a call.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

May 23, 2007

Royale Energy, Inc.
7676 Hazard Center Dr.
San Diego, CA 92108

Re: Trail Canyon 1-1 Well, 1542' FNL, 2622' FEL, SW NE, Sec. 1, T. 16 South, R. 21 East, Bottom Location 2424' FNL, 1170' FEL, SE NE, Sec. 29, T. 16 South, R. 21 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31531.

Sincerely,

Gil Hunt
Associate Director

PAB
Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab Office
SITLA



Operator: Royale Energy, Inc.
Well Name & Number Trail Canyon 1-1
API Number: 43-019-31531
Lease: ML-47218

Location: SW NE **Sec.** 1 **T.** 16 South **R.** 21 East
Bottom Location: SE NE **Sec.** 29 **T.** 16 South **R.** 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at: (801) 538-5338 office
(801) 942-0873 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office
(801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.
7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

May 23, 2007

*Amended July 5, 2007

Royale Energy, Inc.
7676 Hazard Center Dr.
San Diego, CA 92108

Re: Trail Canyon 1-1 Well, 1542' FNL, 2622' FEL, SW NE, Sec. 1, T. 16 South, R. 21 East,
Bottom Location 2424' FNL, 1170' FEL, SE NE, Sec. 1*, T. 16 South, R. 21 East,
Grand County, Utah

Gentlemen:

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This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31531.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab Office
SITLA



Operator: Royale Energy, Inc.
Well Name & Number Trail Canyon 1-1
API Number: 43-019-31531
Lease: ML 47218

Location: SW NE Sec. 1 T. 16 South R. 21 East
Bottom Location: SE NE Sec. 1 T. 16 South R. 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

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- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.
7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML - 47218
2. NAME OF OPERATOR: Royale Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 7676 Hazard Center Dr, Ste _____ CITY San Diego STATE CA ZIP 92108		7. UNIT or CA AGREEMENT NAME: Moon Canyon
PHONE NUMBER: (619) 881-2800		8. WELL NAME and NUMBER: Trail Canyon 1-1
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1542' FNL, 2622' FEL		9. API NUMBER: 019-31531
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 1 16S 21E		10. FIELD AND POOL, OR WILDCAT: Wildcat
COUNTY: Grand		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Request for one year extension
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Royale Energy, Inc. requests a one year extension for its Application for Permit to Drill of the above described well.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-08-08
By: [Signature]

COPY SENT TO OPERATOR

Date: 7.9.2008
Initials: KS

NAME (PLEASE PRINT) Glenn Donaldson	TITLE Chief Engineer
SIGNATURE [Signature]	DATE 30/6/08

(This space for State use only)

RECEIVED
JUL 02 2008

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-019-31531
Well Name: Trail Canyon #1-1
Location: SWNE Sec. 1 T16S R21 Grand County, UT
Company Permit Issued to: Royale Energy, Inc
Date Original Permit Issued: 5/23/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

WB Donaldson
Signature

30/06/08
Date

Title: Chief Engineer

Representing: Royale Energy, Inc

RECEIVED
JUL 02 2008
DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:
Royale Energy, Inc.

3. ADDRESS OF OPERATOR:
7676 Hazard Center Drive S CITY San Diego STATE CA ZIP 92108

PHONE NUMBER:
(619) 881-2800

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1542' FNL, 2622' FEL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 1 16S 21E

STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-47218

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Moon Canyon

8. WELL NAME and NUMBER:
Trail Canyon 1-1

9. API NUMBER:
4301931531

10. FIELD AND POOL, OR WILDCAT:
Wildcat

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
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	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Request for one year extension
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Royale Energy, Inc. requests a one year extension for its Application for Permit to Drill of the above described well.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-13-09
By: [Signature]

COPY SENT TO OPERATOR

Date: 7-13-2009
Initials: KS

NAME (PLEASE PRINT) Mohamed Abdel-Rahman

TITLE VP of Exploration & Production

SIGNATURE

[Signature]

DATE

7/6/09

(This space for State use only)

RECEIVED
JUL 09 2009
DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-019-31531
Well Name: Trail Canyon #1-1
Location: SWNE Sec. 1 T16S R21E Grand County, UT
Company Permit Issued to: Royale Energy, Inc
Date Original Permit Issued: 5/23/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

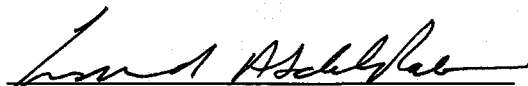
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

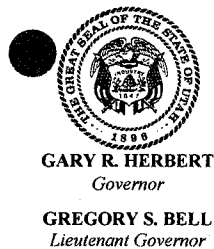
Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

7/6/09
Date

Title: VP of Exploration & Production

Representing: Royale Energy, Inc



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 25, 2010

Royale Energy, Inc.
7676 Hazard Center Dr. Ste. 1500
San Diego, CA 92108

Re: APD Rescinded – Trail Canyon 1-1, Sec.1 T.16S, R.21E
Grand County, Utah API No. 43-019-31531

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on May 23, 2007. On July 8, 2008 and July 13, 2009 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective May 25, 2010.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal.html>



SEP 20 2011

IN REPLY REFER TO:
3160 (UTG011)

Rachele Wolchko
Royale Energy, Inc.
7676 Hazard Center Drive, Suite 1500
San Diego, CA 92108

43 019 31531

Re: Notice of State Lease APD Rescinded
Well No. Trail Canyon 1-1
SWNE, Sec. 1, T16S, R21E
Grand County, Utah
Lease No. ML-47218
Moon Canyon Unit

Dear Ms. Wolchko:

The Bureau of Land Management (BLM) Vernal Field Office accepted the State of Utah Application for Permit to Drill (APD) for the above referenced well for unit purposes on July 2, 2007, and a Sundry Notice addressing the use of BLM managed lands associated with this APD was also approved on July 2, 2007. This office received a copy of the APD Rescinded letter from the Utah Division of Oil Gas and Mining rescinding their approval to drill the referenced well effective May 25, 2010. In view of the foregoing, this office is rescinding its acceptance of the referenced APD and approval of the associated Sundry Notice.

If you have any questions regarding this matter, please contact Cindy Severson at (435) 781-4455.

Sincerely,

RECEIVED

OCT 07 2011

Jerry Kenczka
Assistant Field Manager
Lands & Mineral Resources

DIV. OF OIL, GAS & MINING

cc: UDOGM,
API No.43-019-31531